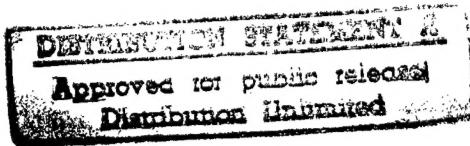




# ***JPRS Report***



# **Soviet Union**

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***International Affairs***

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# Soviet Union

## International Affairs

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**RSFSR's Kozyrev on Freedom To Travel**

91UF0604A Moscow *LITERATURNAYA GAZETA*  
in Russian No 13, 3 Apr 91 p 6

[Interview with RSFSR Minister of Foreign Affairs A.V. Kozyrev by *LITERATURNAYA GAZETA* correspondent Aleksandr Sabov; place and date not given: "Who Puts on the Brakes: Three Questions to the Minister and One—From the Minister to *LITERATURNAYA GAZETA*"]

**[Text] If the Union parliament continues to stall the deliberation on the draft Law on USSR Citizens Exit and Entry, will the republic parliaments overtake it?**

**Is it thinkable, however, to allow the "war of laws" to spread into this area, to bring even more chaos in our relations with the outside world and to make the migration process even more unmanageable?**

**Our correspondent Aleksandr Sabov asked RSFSR [Russian Soviet Federated Socialist Republic] Minister of Foreign Affairs A.V. Kozyrev to answer these two questions.**

[Kozyrev] By now there is no doubt left that the passage of the law on exit and entry is being stalled, and deliberately so. This goes completely hand-in-hand with the trend—which recently started to manifest itself—of the reactionary forces growing stronger.

I must say that when it comes to human rights, we have long been dragged into the "war of laws" with almost the rest of the entire world. In words, we support the fulfillment of obligations stemming from the Helsinki Accords; in deeds, we have been ignoring them for 16 years, including the five years of perestroika. But even after signing last summer in Copenhagen—and last fall in Paris—documents of extreme importance, the letter and the spirit of which reaffirm, among other inalienable human rights, the right to travel and the right to choose a place of residence, we still continue our discussion, not daring to put these norms in our domestic legislation! This undermines the world's trust towards us, and makes us poorer, too.

Back in the 1970's, Academician Sakharov said: We are not going to overcome the world's division into a camp zone and a free world until people have freedom to travel. Obviously, we are the camp zone; this is, as they say, a stone in our yard. It is sad that this is so...

The excuse that is being especially actively used to torpedo this law is the danger of brain drain. But this is simply a relapse of the old thinking that is not law-based, that vetoes or puts bureaucratic prohibitions on the natural right of any person to travel and to choose a place of residence. Is this not the main source, the main reason why, for the past 70, the stream of our emigration does not dry up? How much intellectual potential has this stream carried away, and still does!

Our sad experience shows that closing ourselves off and autarchy are dangerous not only for our outside relations. Our scientists and specialists do not have even the necessary scientific contacts at home, let alone the opportunity for broad foreign contacts. Therefore, we should not lose sight of this part of the problem, too; it is necessary to give people freedom of movement, freedom of choice of a place of residence inside the country, freedom of enterprise and creative freedom. Without it we will not make the transition to a market.

Now about the position of the republics. Yes, RSFSR Supreme Soviet deputies who are members of the human rights and citizenship committees have already—more than once—brought up a question of the Russian parliament passing such law of its own, since the Union parliament is indecisive. But how realistic is it—to create a free society within the borders of one republic, while the national borders remain the jurisdiction of the Union? That is why, in my opinion, it is more useful to start not from passing a separate law, but rather, for instance, to have hearings in the republic parliament and to make our point of view public. Yes, we are for a renewed Union; we do not want it dismembered. Therefore, in the question of exit and entry we also prefer to follow coordinated rules, although we cannot rule out the situation where we may be forced to work out our own version of the law. This is a good place to remind of Boris Nikolayevich Yeltsin's appeal to our compatriots in Diaspora. Its theme was to stop a prolonged civil war as a guarantee of free return of our compatriots home, to Russia.

[Sabov] Since we are talking about such a high measure, Andrey Vladimirovich, allow me to ask one more question: Is it not time to give our compatriots in Diaspora the right to vote?

[Kozyrev] Your question is more than timely. It should be resolved in the framework of the RSFSR Constitution and the Law on Citizenship. But first we have to eliminate the psychology of being a fortress under siege that still lives in our society. Unfortunately—as far as I know—we continue the practice of stripping citizenship from people emigrating from the Union. Does this—to put it mildly—portray us as a civilized country?

**The minister's question to *LITERATURNAYA GAZETA*:**

[Kozyrev] Now, if I may, one question on my own initiative. We all think about the future and dream that, if not the current, then the next generation of people in Russia and in the Union will live under the rule of law. But we must prepare for it from childhood. Therefore, I propose to publish textbooks on human rights and democracy on three levels, starting in elementary school. It would be good to relay the universal human ideas of the value and dignity of a human individual, using Russian literary classics, folklore, folk wisdom, and fairy tales. Under our current rules, without the freedom of

exit, no one would have been able to ride into never-never land. I want, through your newspaper, to attract the attention of our creative intelligentsia to this idea. Any volunteers?

### Foreign Ministry Official on Cultural Ties

91UF0588A Moscow *PRAVDA* in Russian 29 Mar 91  
First Edition p 5

[Interview with diplomat G.I. Fedosov by V. Sharov, in Moscow; date not given: "To the Negotiating Table, Masters of Culture!"]

[Text] *No. 9, Kalinin Avenue. An old two-story private residence. We cross a small clean yard to the main entrance. We stop for a minute in front of the massive door... Through these doors entered Lev Nikolayevich Tolstoy—the residence once belonged to the writer's grandfather N.S. Volkonskiy, the well-known diplomat. Here, it is said, the author of "War and Peace" "peeped" at Natasha Rostova's first ball. Fedor Shalyapin and Sergey Rachmaninov entered through these doors. The latter rented furnished rooms in the house and completed the opera "Aleko" here. Today the residence houses the USSR Foreign Ministry Cultural Relations Department. This is the distinctive character of the cultural-diplomatic tradition which brought celebrity to the residence has acquired today.*

*Gennadiy Ivanovich Fedosov, head of the department, kindly agreed to be interviewed by *PRAVDA*. We would inform the reader that our interviewee is the first head of a department in the Foreign Ministry elected from a competitive field of 15 candidates.*

[Sharov] "Culture" and "department" are not words that fit together easily. In addition, the work of the Foreign Ministry and our diplomats is shrouded in a fog of mystery. This, at least, is how many of *PRAVDA*'s readers perceive all that goes on in the tall building in Smolenskaya Square in Moscow and behind the fences of Soviet embassies in various countries. Therefore, the first question to you, Gennadiy Ivanovich: What does the department do?

[Fedosov] I will begin with an actual fact. A.A. Bessmertnykh's first visit as foreign minister was to Madrid, where he took part in a special session of the Council of Europe Ministerial Committee—there is such a consultative political organization—which today includes 25 countries of the continent. A.A. Bessmertnykh handed the general secretary of the Council of Europe official notification that the Soviet Union was subscribing to a principal document of the Council of Europe—the European Cultural Convention.

[Sharov] The world press called this event "very significant."

[Fedosov] And it was right. The convention appeared in 1954. It is a fundamental agreement of all-European

significance. It is worth noting that the Council of Europe invited us to subscribe to the document unanimously.

We, in turn, assumed the responsibility to abide by the high standards of European cultural policy. This is a most important step en route to full membership of the Council of Europe.

[Sharov] A person working on the "cultural front" will come across your words and ask what practical significance all this will have for him, the artist, actor and lecturer.

[Fedosov] I would answer thus. Subscribing to the convention affords our figures of culture an opportunity for participation in various foundations, organizations and programs. For example, say, the organization of exhibitions, the elaboration of all-European cultural itineraries, the insertion in school textbooks of fundamental knowledge concerning human rights and the culture of other countries, the creation of a network of information centers on university curricula, the development of new methods of teaching living languages, teacher training and so forth.

I would specify right away that for brevity's sake I employ the words "cultural relations," intending them to incorporate science, education, sport and so forth also.

Exchanges in these spheres are practiced on the basis of intergovernmental agreements. Our department is preparing draft documents, conducting negotiations, concluding intergovernmental agreements on cultural cooperation and drawing up on the basis thereof specific programs and plans. Up to 30 and sometimes more Soviet departments and organizations are enlisted in the process of preparation of these documents.

[Sharov] A significant proportion of the cultural relations with foreign partners passes you by, most likely?

[Fedosov] Yes. The process of decentralization has recently encompassed this sphere also. The outlet into the international cultural arena of the Union and autonomous republics, oblasts and cities and cooperation based on direct relations of cultural establishments and organizations, artistic unions and associations, cooperatives, artistic outfits and individual cultural figures have expanded even.

As a whole, the Soviet Union maintains cultural relations with more than 130 countries, with 115 of them on the basis of intergovernmental agreements and programs. Long-term agreements with Great Britain and Turkey were signed in 1990, for example. On the agenda currently is the elaboration and signing of a new general agreement and exchange program with the United States up to the year 2000.

[Sharov] East Europe is our common headache today. The old is disintegrating, the new is emerging. This applies to political, economic, and military cooperation

also. And the renewal processes are sometimes proving painful. What about cultural exchange?

[Fedosov] For many decades East Europe was, perhaps, the most stable region of our cooperation. It went by five-year plan, as a rule. Now we are having to draw up new agreements with the East European states.

[Sharov] Does the incorporation in cultural relations of various informal organizations not complicate the Foreign Ministry's work?

[Fedosov] I would say that this enriches our work, although establishing our mutual relations is not always easy. The emergence of various public associations is not a tribute to fashion but a sign of democracy. Such organizations are formed and operate throughout the civilized world.

Their appearance in our country may be compared with nature's riot of spring following the winter hibernation. In just over a year many dozens of such organizations have been created in Moscow, Leningrad, and the capitals of the Union republics and on the periphery. They are appreciably supplementing and enriching the palette of the USSR's proposals in international cultural cooperation. It is not fortuitous that their activity has colorfully been called public diplomacy.

Our first experience of contacts with these organizations shows that they have tremendous desire, but fewer possibilities and even less experience. They lack knowledge of the specifics of the country and contacts with dependable overseas partners. The lack of coordination of their actions and their fragmented nature are a hindrance at times.

The department contributed to the unification of several informal organizations in the "Russian America—American Russia" historical and educational movement. This movement was a part of the activities in respect to the "Meeting of Two Worlds" international program devoted to the 250th anniversary of the discovery of Alaska (1991) and the 500th anniversary of America (1992). With the participation of a number of Ural, Moscow, and Leningrad informal organizations, we are negotiating in Italy, France, Spain and some other countries on the establishment of a sponsored international Demidov Foundation and its creation with the aid of international cultural centers or, as M.S. Gorbachev called them, centers of European civilization.

I am convinced that the informal organizations will be increasingly noticeable in supplementing interstate cultural exchange.

[Sharov] We have recently been retreating from the militant rejection of the cultural legacy created abroad by our compatriots and, simply put, emigres. Their literary and musical works and paintings are returning to us. Names and, sometimes, people also are returning. Is your department involved in this process?

[Fedosov] Russians overseas are, as a whole, heterogeneous. The bulk thereof is composed of the emigres of the well-known "three waves" from the Soviet Union. Mention should then be made of the so-called defectors, some of whom were simply deported. The labels of renegades and dissidents have been pinned on them.

The new thinking has put the emphases in this sphere differently. Soviet overseas missions today maintain ties to emigrants from the USSR who so desire. The results? Many of the figures of culture living abroad have restored artistic contacts with their Soviet colleagues and travel to the motherland frequently, and their works are published in the press and printed, and exhibitions of their work are organized.

Representatives of Russian emigres took part actively in many charitable measures pertaining to the collection of monies to help casualties of the earthquake in Armenia and the accident at the Chernobyl Nuclear Electric Power Station.

I myself, for example, was directly involved in the first contacts with M. Rostropovich after his passport had been taken away. We asked him to give several concerts in support of the victims in Armenia. He was quick to respond. The collections from the three concerts were used for this purpose exclusively. Also widely known is the following fact: the artist M. Shemyakin, who now lives in the United States, headed the international association for the return of Soviet soldiers taken prisoner in Afghanistan. All this activity is being performed with the direct participation of our diplomats. The USSR Foreign Ministry is involved in the restoration of citizenship to a large group of Soviet emigres.

The Foreign Ministry and our department have played a most active part in the return home of many valuable works of art.

[Sharov] SOS signals reach Soviet people from abroad, from overseas, from time to time, sometimes artistes of the Bolshoi are in trouble, sometimes Soviet circus artistes are arrested for failing to pay off their debts....

[Fedosov] This is the negative side of the decentralization which I have mentioned. Artistic outfits may now request visas themselves and obtain passports for overseas travel. And this is, generally, a good thing. This is democratic. But such outfits frequently lack experience, of which advantage is taken by dishonest people and rogues endeavoring to get rich on cultural exchanges. This is avoided by the outfits that consult us and the embassies in advance.

And if artistes or other cultural figures do, for all that, get in trouble overseas, diplomats will ultimately come to their assistance.

[Sharov] Under way in our country currently is, as we say and write, a "war of laws" and "parade of sovereignties." Is this affecting diplomats' work?

[Fedosov] The process of the renewal of society has affected both culture as a whole and international cultural cooperation—no less profoundly than the economy, social relations, or foreign policy.

The draft Principles of Legislation of the Union of SSR and Subjects of the Federation on Culture, which currently are being drawn up, emphasize clearly the enhanced role and responsibility of the Soviet state for the development of international cooperation in the field of culture. If they are adopted, this will represent a considerable contribution to the practical realization of the strategy of the 1988-1997 World Cultural Development Decade announced by the United Nations. Our department is endeavoring to contribute as much as possible to the elaboration of the legal provisions of this law and take account therein of the very rich practice of international contacts in the sphere of culture and the entire arsenal of ideas and proposals formulated at various world forums of cultural figures.

[Sharov] The market has arrived on the doorstep of our home. All the talk is about the market economy, convertibility of the ruble, dollars, francs, yen.... How is the Cultural Relations Department entering the market?

[Fedosov] I would begin my answer with the following statement: Of all the factors exerting a negative influence on the development of external relations as a whole, in

the cultural sphere included, the problem of ruble convertibility or, if you wish, nonconvertibility is paramount. This is prompting each and everyone to resolve his own material problems, the consequences that this might entail notwithstanding. The commercialization of cultural relations with a one-sidedly export motion and the currency policy of local authorities are in fact making the continued normal practice of exchanges impossible.

In recent days the USSR Cabinet has adopted certain measures, it is true. Measures connected with the fulfillment of intergovernmental agreements in the sphere of culture will be paid for in rubles. But, first, this applies only to 1991 and, second, affects only Moscow and Aeroflot.

I have no doubt that interstate agreements should take precedence over the decrees of local authorities.

[Sharov] What would you like to say to our reader in parting?

[Fedosov] Culture is one of the oldest forms of diplomatic relations. The well-known American futurologist A. Toffler was, from my viewpoint, wrong when he formulated in respect to culture the "raspberry jam" law: The more you spread it, the thinner it becomes. Culture seems to me an infinite source. It should be "spread," disseminated, that is, as widely and as much as possible. This enriches a person spiritually. Such was our goal yesterday, so it remains today also.

**KGB Deputy Chairman on Challenge From West**  
*91UF0598A Moscow RABOCHAYA TRIBUNA*  
*in Russian 30 Mar 91 pp 3-4*

[G.V. Titov, deputy chairman of the USSR KGB, responds to questions by RABOCHAYA TRIBUNA correspondents assembled at their annual meeting; prepared for publication by Viktor Andriyanov: "From the Viewpoint of Counterintelligence: And Its Leader's View of the Processes Occurring in Society, the World and the Country"]

[Text] [Correspondent] Gennadiy Fedorovich, the Western reader knows far more about you than the Soviet reader.

A February issue of the emigre paper NOVOYE RUSSKOYE SLOVO, which is published in New York, sets out "sensational" details of the biographies of a number of KGB leaders. Much attention is paid to you also—the new deputy chairman of the USSR KGB—chief of the Second Main (Counterintelligence) Directorate.

"Titov," the newspaper writes, "is what is called an exemplary model of the restructured security officer. He was born in 1932 in Karelia. He did not, by virtue of his having been too young, take part in the 'Great Terror' and, in addition, in 1937 or 1938, he lost his father, who was executed by the NKVD." And one further passage, from the book "KGB: The Inside Story" by Oleg Gordiyevskiy, former intelligence officer, colonel, and deserter, which was recently published in Britain and the United States. According to Gordiyevskiy and his coauthor Andrew Christopher, Titov "was raised in a semicriminal environment, acquiring consummate knowledge of the fundamentals of Soviet street wisdom essential for prospering in the final Stalin years."

Despite this, you were admitted to a higher educational institution, which the book calls the "KGB Leningrad Military Institute." Subsequently, your "biographers" continue, Titov did everything to atone for his past with devoted service in the state security authorities.

Enough references, perhaps, so over to you, Gennadiy Fedorovich.

[Titov] By virtue of the understandable specifics of their work, security officers do not aspire to put themselves in the way of cameramen's flash bulbs. But since we are meeting in an editorial office...

My father, Fedor Germanovich, really was unlawfully subjected to repression in the Stalin period and served almost nine years. I only saw him twice. Once in Kotly, there is such a locality, the other time, in Moscow, in 1938. My mother took me, as a six-year old, to a rendezvous with my father. This meeting is forever etched in my memory. My father was with other prisoners building the Agricultural Exhibition, the future Exhibition of Achievements of the National Economy.

He was unescorted. I recall that he told my mother: "Listen, Shura! You have no idea what handsome palaces we are building!"

During the war my father managed to get himself sent to the front, in a punitive battalion, and he died in '44, in the breach of the Leningrad blockade. I later counted up: My father had with his battalion covered 112 versts [118.72 km] of the front.

An obelisk was put up to him and his comrades-in-arms. There is engraved there in letters of gold: Pvt Fedor Germanovich Titov. This is an eternal monument. My father was rehabilitated in 1952. My conscience in the face of him is clear. So I had no need to curry favor. Gordiyevskiy is currying favor with British intelligence, not shrinking from lies and a juggling of facts. His father, an NKVD officer, he has betrayed. He has also betrayed his elder brother, who also worked in intelligence. He betrayed his wife and children too. He married, incidentally, at a time when he had been a British agent for five years. He also betrayed those who had worked alongside him. I am personally "obliged" to him for the strict reprimand meted out in respect to the Committee in 1986.

However, I shall return to the start of my biography. At just over 20 my mother was left with two sons. In order to raise us she worked as a loading hand. Life was very hard. As an adolescent, I joined the Kirovskiy plant. I started out in the stockyard and worked as a foundry hand. I went through all bays of the iron foundry. I studied in a technical school... And this is called a "semicriminal environment?!" After this, in 1952 (not '55, as Gordiyevskiy writes), I was invited to work in intelligence...

Gordiyevskiy lies in matters large and small. Reading him, he averted everything, even the possibility of a sudden missile attack. He is a fabulist... No, I do not envy the British Government if it actually has such "consultants."

[Correspondent] Gennadiy Fedorovich, that same publication of NOVOYE RUSSKOYE SLOVO mentions O. Kalugin also. Many of our readers are interested in the phenomenon of this individual. What would you tell them?

[Titov] Kalugin and I studied in the institute together, although our starting conditions were unequal, it is true. His father was an NKVD officer, mine, as I have already said, had been subjected to repression. Subsequently, throughout our service, our relations were normal. I would now like to emphasize one thing. I do not and never will understand people who half their life make good, but when things do not go well, disavow everything for the sake of another career. Kalugin's actions distress me greatly, to put it no stronger. You know that a half-truth is more dangerous than a lie. Gordiyevskiy and Kalugin avail themselves of this, surreptitiously mixing forgeries in with known facts. They are essentially supporting the destructive forces in our country

and in the West, those who aspire to eliminate or, at least, weaken the Committee, realizing that the State Security authorities, like the armed forces, are a factor of political stability in the USSR.

It is no accident that a new twist of the spiral of intimidation of the man in the street with the "KGB threat" is now being actively cranked up overseas. Once again traitors—Gordiyevskiy, Levchenko, Sheymov, whom the special services already consider a "spent force"—have come in useful also. They are now again writing books and giving interviews and being produced at news conferences. And at this same time some of our mass media are circulating their confessions, taking at face value fabrications and fantasies and passing off renegades as ideological fighters against stagnation and the forerunners of perestroyka.

[Correspondent] Indeed, the KGB cannot complain about a lack of attention in recent years....

[Titov] This interest is perfectly understandable. I would merely like to remind you of a sense of proportion. After all, the special services of all states operate primarily behind the scenes. This is how it has been, is now, and will, evidently, continue to be for a long time to come. And the demand for a public "undressing" of the KGB cannot be supported to indulge the Philistine interest. If, of course, we are thinking of the state security of our fatherland, not some other ends. All that needs to be known about the KGB is said in the draft State Security Authorities Act, which is now being publicly discussed. Its speediest adoption is in the interests of the whole country and each honest Soviet individual.

[Correspondent] One hears, however, and frequently, that nothing and no one threaten us today....

[Titov] I have a different, a professional, view. We are today, I believe, faced with the most serious threat to the security of our country since World War II. And, what is more, this threat, although being stoked from overseas, has primarily domestic roots.

Will we be able to preserve the great power or will we permit its disintegration into weak, economically dependent, and mutually hostile states? Blood is being spilled and people are dying in Armenia, Azerbaijan, and Georgia under the barrels of nationalism. Hundreds of thousands of refugees have in peacetime left their native haunts. The economy has been destroyed, and new relations have not been created and cannot be created in a short space of time. Business relations between enterprises are being superseded by exchange in kind.

People in the Urals, the Kuzbass, the Donbas, Western Siberia, Moscow, and Leningrad, in a word, where heavy-industry enterprises and raw material resources are concentrated, are having it worst of all. Property stratification is under way and the living standard is falling. Shadow economy operators have joined the open struggle for power.

People championing ideas of separatism have come to power in a number of republics. They are hastily designing national totalitarian regimes, enacting inhumane laws in respect to the national minorities and creating armed formations that frequently turn into bandit gangs. For example, in Armenia "Fidain Movement" has broken up into 40 robber groups, which, having parceled out spheres of influence, earn their living by robbery. Armed militants are terrorizing South Ossetia.

Forces that have as their aim the dismantling of the Union of SSR and our form of government and social system have become particularly assertive. Today the "ultraradicals" and members of the opposition of various hues are attempting to unite. And no one would have any objection to this did their actions not go beyond the framework of the Constitution. But they are not only calling for "opposition to the signing of the Union treaty" but openly pushing the people toward civil disobedience.

[Correspondent] When one reads about all this and when one hears such calls at anticommunist meetings, it seems that society is in the grip of madness. An elementary sense of self-preservation is failing people...

[Titov] Let every individual imagine for himself: The disintegration of the USSR is not simply a remote threat, not simply a change of geopolitical balance of forces in the world. It means war and grief on everyone's doorstep.

Fratricidal border strife and armed clashes are inevitable. Hundreds of people are dying even today in conflicts on account of territorial disputes. Tomorrow the danger could loom over millions.

Imagine, finally, what danger is threatened by a struggle for division of the country's military potential. And what would happen were weapons of mass destruction or, say, nuclear power stations to be seized by political adventurers and terrorists.

[Correspondent] How, in your estimation, are these processes being viewed abroad?

[Titov] A detailed answer would require a separate discussion. Rightwing forces of the United States, Japan, and other capitalist states have a direct interest in the collapse of the USSR. There is a more guarded position also. Many people in the West, in Europe particularly, fear a rapid disintegration of the USSR. The emphasis is being put on gradual achievement of the goal. And in this connection the Baltic republics are seen as a proving ground. The calculations of the forces seeking the disintegration of our state include the official "constitutional" detachment from the USSR of the Baltic, Moldova, Armenia, and Georgia. It is for this reason that separatists and nationalists are being declared fighters for democracy and that foreign intelligence is via emigre organizations and other channels supporting and equipping them quite well.

Of course, economic calculations form the basis of the strategy of rightwing forces in the West, although there is no unity here. Some Western corporations are, in connection with long-term contracts and large-scale credit, interested in preserving a single union even. This is a guarantee of a return of invested capital. But it should be said plainly that there are also hopes of buying up resources and enterprises for a song and converting the USSR into a source of cheap raw material and manpower.

[Correspondent] The West encourages separatism in our country, but deals severely with such hankering at home....

[Titov] There are many such examples both in the past and in the contemporary history of a number of states—the United States, Canada, France, Spain. No Western country is questioning India's right to retain Punjab and Kashmir, although bloodshed has continued there for decades. The Sri Lankan Government's struggle against the Tamil separatists is seen as legitimate also. Not to mention Britain's attitude toward Northern Ireland.

The attempts to justify the support of separatist movements in the USSR on the basis of the principles of freedom and democracy are hypocritical. The true purpose is an endeavor to weaken the Union and make it dependent on foreign capital.

[Correspondent] How are the West's special services taking advantage of these circumstances?

[Titov] Judge for yourselves. Constantly increasing appropriations for intelligence, the U.S. authorities are today spending more than \$30 billion a year to this end. This is approximately 10 percent of the current military budget.

Foreign special services are paying particular attention to tracking the crisis processes in individual regions of the Soviet Union which have arisen under the impact of the nationalist movements. Back at the end of the 1970's the American Consortium for the Study of Intelligence Activity drew up the document "Intelligence Requirements. Covert Operations."

It says, *inter alia*: "The main purpose of U.S. policy should be to bring pressure to bear on the USSR by all possible means, seeking the breakdown of the Soviet system and the dismantling of the Soviet Empire." This strategic direction has been given priority in recent years. Acting in the guise of diplomats, correspondents, and tourists, agents are endeavoring to establish close contacts with Soviet citizens, particularly representatives of political circles, the media, and informal associations and members of various nationalist, clerical, and other formations.

Thus, for example, Endryus Eyve, a U.S. citizen of Lithuanian extraction who was formerly a military intelligence officer and instructor of the Afghan mujahidin, came to Lithuania in 1990-1991 in the guise of a tourist.

RABOCHAYA TRIBUNA has already written about how he has advised services of Lithuania's Territorial Protection Department, teaching guerrilla warfare and acts of terrorism methods, and how he established contacts in Moscow. And there have been over 15 such "consultants" with an American passport with the Lithuanian Supreme Soviet and Government.

We could cite Koyyalis Linas, formerly a White House staffer and currently employed in the State Department, Sakadolskis Romas, the millionaire Kazitskas Yuozas, who has close ties to U.S. ruling circles, and his daughter Yurite.

The so-called "Center for the Study of the Progress of Perestroika" has been formed in the United States to constantly keep watch on the development of events in the Soviet Union. It includes representatives of various intelligence services. In accordance with Bush's directive, this center is furnished with intelligence information obtained both from agent and official sources, along the lines of all departments. The center prepares daily intelligence summaries on the USSR on the basis thereof. They are reported to the U.S. President personally and other members of the National Security Council.

[Correspondent] Which circles in our country are of special interest to the Western special services today?

[Titov] Among the first, I would cite the corps of deputies, on which the intelligence services concentrate actively, hoping to find among them those capable of moving into the upper echelons of power and persons prepared to cooperate.

People's deputies of all levels, prominent scientists, and senior officials of the machinery of state, including departments and establishments of a secret nature, are being invited to the United States and other Western countries increasingly often to deliver lectures, take part in seminars and study overseas experience. The special services participate actively in laying on services for them. The lectures and speeches of Soviet representatives are very well paid, and tours of the country and cordial receptions at a high level are arranged for them, in a word, concentrated psychological pressure is at work.

[Correspondent] Is there evidence of Western diplomats' and politicians' increased interest in our workers' movement?

[Titov] Yes, as of 1989 American diplomats have been actively expanding their contacts with leaders of the workers' movement, trying to influence them. The U.S. Embassy is attempting to organize direct relations between strikers and representatives of American labor unions. Agreements between them on the allocation of large financial subsidies and the acquisition of printing presses are being prepared, and the possibility of being sent for training to "Solidarity" courses in Poland is being studied.

[Correspondent] But could this be philanthropy, not subversive activity?

[Titov] Judge for yourselves. The U.S. Embassy is plainly concluding that "the transformation of socialism in the USSR has entered a new phase—that of the transfer of the initiative from liberals in the CPSU leadership and the intelligentsia at the sources of this process directly to the working masses." The appearance of a strong "Solidarity"-type workers' organization, the Americans' estimate, should lead to the "irreversibility of the breakup of socialism." And this, as you yourselves understand, is subversion of our social system.

Such activity is subordinate to a special plan of measures pertaining to the USSR approved in May 1990 by the U.S. National Security Council. It provides, *inter alia*, for support for the opposition forces in the Soviet Union and the formation of an anticommunist bloc of forces in Central and Eastern Europe closely connected therewith for the purpose of the creation of a buffer zone separating the USSR from the West European states.

[Correspondent] The press has cited the following figure: More than 30 accomplices of Western special services from the ranks of Soviet citizens have been exposed in recent years. Who are they?

[Titov] I can name a lecturer of the Kuybyshev Engineering-Construction Institute recruited on an official assignment in an African country. Another CIA agent, a former serviceman, himself made contact with the American special services and passed on to them top secret information on the activity of Soviet foreign intelligence. The investigation of his case continues.

Major Viktor Ilich Kutsenko, date of birth 1955, a scientific associate of the USSR Defense Ministry Research Institute, was arrested in Moscow in July 1990. Documentary material containing information on the organization, system, and means of communication and also the command and control of troops in the USSR Armed Forces intended for presentation to a representative of military intelligence of a NATO country were discovered on him and confiscated at the time of his arrest. In the estimation of experts of the USSR Armed Forces General Staff, this information constitutes an official and military secret. A military tribunal of the Moscow Military District sentenced him to five years imprisonment.

Putting a stop to Kutsenko's venture made it possible to avert a drain of secret information, the damage from which for the country's defenses would have constituted more than R100 million.

[Correspondent] As you know, security officers have joined actively in the struggle against organized crime, smuggling, economic sabotage....

[Titov] Analyzing the known facts, you can see that essentially a new form of unlawful activity has taken

shape. It represents a sum total of embezzlement, smuggling, speculation in currency assets and extortion. In one case out of three we trace a connection between embezzlers and smugglers and officials of the state and administrative and economic authorities, law enforcement authorities included. Cooperative enterprises and joint ventures with overseas commercial partners figure to this extent or the other in half the cases of criminal activity. Domestic "shadow economy" operators are actively assimilating the foreign criminal practice of commercial and financial trickery and avoidance of customs duty.

I have one fundamental observation here. There are in all-Union legislative instruments no due regulations and control of foreign investments. This prevents the competent authorities cutting short deals detrimental to the state and affords interested persons an opportunity, taking cover behind the economic sovereignty of the republics, to impart to their actions a semblance of legality.

A most prevalent item of "economic contraband" are metal products. Some 3.1 million tons of these products and also more than 10,000 tons of rare and rare-earth metal "waste" were transported overseas in the period from April 1989 through February 1990 alone.

Another "popular" item of contraband are oil and petroleum products. Four tankers carrying petroleum products designated on the papers as industrial waste were detained in the ports of Odessa, Leningrad, and Murmansk. In the course of a preliminary investigation it was established that as the result of a conspiracy of employees of a number of joint ventures and officials of government departments, 500,000 tons of petroleum products had been illegally exported overseas. The damage done to the country, according to a preliminary estimate, amounted to approximately \$3 million.

A wide field of activity for criminals are state and commercial banks, where the "shadow economy" "washes" monies obtained illegally. In 1990 security officers exposed the activity of several criminal groups which had turned the state banking system into a source of personal enrichment.

Attempts to illegally smuggle out of the country foreign currency, currency assets, and Soviet money have assumed vast proportions. As the press has already reported, the KGB authorities uncovered an attempt to effect an illegal currency transaction involving the sale of 140 billion Soviet rubles for 7.7 billion U.S. dollars. The USSR Procuracy has instituted criminal proceedings in this respect, in the investigation in which the State Security authorities are participating also.

We are greatly concerned by the scale of the illegal export from the country of Soviet money and the astonishing readiness of certain Western dealers to buy it up in vast quantities. It is, after all, no secret that there are in the West veritable black markets in the currencies of the East European countries, the Soviet Union included. In

the first half of 1990 alone, the KGB authorities and the customs cut short attempts to export from the country Soviet banknotes totaling approximately R14 million. And there are many billions altogether overseas currently. The mere fact of the concentration overseas of such a quantity of Soviet money is exerting pressure on and creating a potential threat to the currency and finance system.

[Correspondent] RABOCHAYA TRIBUNA has written about this.

[Titov] Yes, nonetheless, I will mention a well-known and quite interesting calculation. What is R140 billion divided by 140 million inhabitants of Russia? R1,000 each. And what is \$7.7 billion? \$50 each. What can be purchased for \$50 in the West? A pretty bad suit. I personally doubt that you could get a suit for \$50, but a pretty bad one, perhaps. You could buy running shoes. Running shoes cost quite a bit with us also, but not R1,000. And what could be purchased in our country for R1,000? You could buy 2.5 tons of gasoline. Gasoline is needed not only in the Soviet Union, there is a shortage everywhere. And were we to sell this gasoline, we would obtain up to \$1,500. So what is more to our advantage? In my opinion, were a person, even one not all that conversant with economics, to be offered such a deal, far from everyone would agree to it. The Russian Supreme Soviet has drawn some conclusions on this score, and you are aware of them.

In 1989 the state customs control authorities and the KGB prevented the smuggling out of the country of

foreign currency worth R1.354 million and R13.295 million in Soviet banknotes. And almost as much in the first half of 1990. Such is the pace.

There is much that is interesting that could be said about the exposure of criminal groups in the areas where gold and diamonds are mined, about joint operations against international drug syndicates... Soviet customs establishments have with the participation of the KGB authorities in interaction with colleagues from Canada, Britain, Belgium, and Holland mounted several operations in respect to so-called "monitored supplies" into these countries of narcotics. In the course of just one operation, valuables and bank deposits totaling 22 million pounds sterling were confiscated from the criminals.

A separate subject is the attempt to export from the country national cultural and historical valuables. The trial of a group of persons from the ranks of employees of Sheremetyevo Customs, Aeroflot, and the internal affairs authorities is under way currently in the Moscow Municipal Court. For bribes they helped smugglers transport large consignments of antiques, jewelry, carpets, and other valuables. Monetary resources and material assets totaling more than R500,000 were returned to the state. Over 1,000 icons and religious objects were returned to our country at the time of the detention of a motor van of the French Gulf transport company serving foreign missions in Moscow.

Behind all these examples are not only the painstaking and difficult work of the security officers but also the assistance of many Soviet citizens and our foreign friends.

**KGB Investigates U.S.-Soviet Venture for 'Contraband'**

91UF0607A Moscow *KOMMERSANT* in Russian No 7, 11-18 Feb 91 p 14

[Article by Igor Svinarenko: "The KGB Seems to Have Blown Another Industrial Contraband Case"]

[Text] The three-month term allowed for the investigation of the criminal case against the Soviet-American joint venture SPARK expired on 15 February. SPARK's lawyer Boris Kuznetsov confirmed the prognosis made by the *KOMMERSANT* legal department (No. 46, 1990). He labelled the three-month effort of the Magadan Procuracy and KGB investigators as "work for the circular file." So far, they have failed to find any proof of corpus delicti. The accused, however, do not expect the case will be closed. It seems more likely that the investigation term will be extended. According to Kuznetsov, it would be more appropriate to discuss the economic sabotage practiced by the investigators under the supervision of the oblast prosecutor Nikolay Gamzin than to talk about smuggling. Due to the seizure of batteries produced by the joint venture, the enterprise incurred losses of R400,000 and \$150,000. The SPARK lawyers are discussing the possibility of suing the USSR government for this amount.

The joint venture SPARK was created in December 1989 by the joint-stock company Magadannerud and the American firm Alaskan Battery (Fairbanks, Alaska). In November 1990, 3,000 batteries produced by the joint venture were seized. One third of them were supposed to be sent to the United States.

The investigators claim that the seized batteries are nothing but contraband. They explain this by the USSR Council of Ministers decree no. 203 of 7 March 1989, which allows only those commodities that were produced by the exporter to be exported. But the batteries in question were produced in collaboration with the Avangard cooperative. To the accused, the fact that an outside cooperative participated in the battery production seems quite normal, as "there is no enterprise that can embrace the entire cycle from mining to packaging" (see *KOMMERSANT* no. 46).

Unlike the investigators, who in three months could not find the time to talk to the joint-venture managers, the managers themselves even found the time to complain to Gorbachev. They also managed to receive Kryuchkov's response to this complaint. Before any court sentencing, the USSR KGB chairman qualified the activity of the joint venture as illegal and dishonest and considered the smuggling attempt to be a proven fact. Russia's prosecutor Valentin Stepankov does not seem to share this confidence, as he demanded that the SPARK case be sent to Moscow.

The lawyer representing the American side of the joint venture, Gregg B. Brelsford, arrived in Moscow on 11

February. He said to the *KOMMERSANT* correspondent: "It seems to me that the practice in your country contradicts the officially proclaimed policy of supporting joint ventures."

Breldsford said also that the business community of Alaska was upset by the SPARK scandal. The lawyer, however, has some hopes that the broken contracts as well as the prestige of the firm can be restored if the seized batteries are released to America. But in any case, the defense is determined to seek from the Soviet government, through International Arbitration, some compensation for damages, both in Soviet and foreign currency.

According to the existing laws, after the expiration of the three-month term allowed for the investigation the case either has to be closed or the term of its investigation extended. The latter seems more probable, even in spite of the fact that it is not quite clear which other facts might be uncovered in the course of an additional investigation.

**Lithuanian Law on Foreign Investment Published**

91UF0555A Vilnius *ECHO LITVY* in Russian  
6-9 Feb 91

[Law of Lithuanian Republic on Foreign Investment in Lithuania and decree of Lithuanian Republic Supreme Soviet on Procedure of Implementing Law on Foreign Investment in Lithuania, both signed 29 December 1990 in Vilnius by Chairman V. Landsbergis of Lithuanian Republic Supreme Soviet]

[6 Feb 91 p 2]

[Text]

**I. General Provisions****Article 1. Purpose of law**

The purpose of this law is to establish favorable conditions for the investment of foreign capital in the Lithuanian Republic and to stipulate the procedure of investment.

**Article 2. Foreign investment**

Foreign investment is a foreign investor's financial and material contribution to operations in the Lithuanian Republic and the transfer of rights to intellectual or industrial property to legal and physical persons in Lithuania.

**Article 3. Foreign investor**

Foreign investors are legal and physical persons of other states making investments in the Lithuanian Republic.

**Article 4. Forms of foreign investment**

Foreign investment can take the following forms in the Lithuanian Republic: a share of a joint venture, an

enterprise owned by foreign capital, and the acquisition of stock and other securities of enterprises in the Lithuanian Republic.

#### Article 5. Spheres of foreign investment

Foreign investments can be made in any sphere of activity not prohibited by the laws of the Lithuanian Republic.

#### Article 6. Guarantees for foreign investment

The foreign investments, income, rights, and legal interests of foreign investors in the Lithuanian Republic will be protected by the Lithuanian state.

Discrimination of any kind against foreign investments will be prohibited.

Disputes over violations of the rights and legal interests of foreign investors will be settled by the courts of the Lithuanian Republic. Foreign investors will also have the right to ask organs of foreign states or international organs to settle disputes.

Foreign investors will be entitled to the guarantees specified in international treaties to which the Lithuanian Republic is party, and to the privileges stipulated in this law.

#### Article 7. Application of provisions of laws and international treaties of Lithuanian Republic to foreign investment

The commercial operations of foreign investors will have to meet the requirements set in the laws of the Lithuanian Republic for economic entities of Lithuania, with the exception of the special rules listed in this law and the provisions of international treaties to which the Lithuanian Republic is party.

If the provisions of an international treaty to which the Lithuanian Republic is party conflict with the laws of the Lithuanian Republic, the provisions of the international treaty will apply unless the Lithuanian Republic has stipulated otherwise.

### II. Procedure of Foreign Capital Investment

#### Article 8. Authorization of foreign investment

The body authorized by the Government of the Lithuanian Republic to receive foreign investment applications will take no more than 30 days to process them. A foreign investment permit will be issued in the event of a positive decision. The new enterprise established on the basis of this permit will be registered by the Ministry of the Economy.

If the Government of the Lithuanian Republic approves the negative decision of its authorized body, the applicant will be informed of this decision and the reasons stemming from laws and other legal instruments of the

Lithuanian Republic. With a view to these comments, the applicant will have the right to resubmit the foreign investment request.

#### Article 9. Commencement of investment

The implementation of the foreign investment permit must begin within 12 months after its issuance. If the investment does not begin within this period, the permit will be cancelled.

#### Article 10. Changes in forms of foreign investment and spheres of economic activity

In the event of changes in forms of foreign investment or the start of new operations not specified in the enterprise charter, the charter will also have to be changed. The new charter will be registered in the manner prescribed by law.

#### Article 11. Duration of operations of joint ventures and foreign capital enterprises

The duration of the operations of joint ventures or foreign capital enterprises is not limited.

The operations of a joint venture or a foreign capital enterprise can be terminated in accordance with a decision of the Lithuanian Republic Government in the following cases:

- a) If they are contrary to the laws of the Lithuanian Republic;
- b) If they do not meet ecological requirements;
- c) If they disagree with the enterprise charter.

[7 Feb 91 p 2]

[Text]

### III. Joint Ventures

#### Article 12. Joint ventures and their establishment

A joint venture is an economic entity of the Lithuanian Republic with part of its incorporation fund owned by a foreign investor (or investors).

The joint venture is established on the basis of a contract.

The contract and charter of the joint venture represent the documents laying the basis for the operation of the joint venture as an economic entity of the Lithuanian Republic.

#### Article 13. Joint venture contracting parties

The contract on the establishment of the joint venture is concluded by a legal or physical person (persons) of the Lithuanian Republic and a foreign investor (or investors), hereafter referred to as founders.

#### Article 14. Contents of joint venture contract

The contract establishing the joint venture will state the following:

14.1. The type of enterprise;

14.2. The names, principal field of business, and legal address of the legal entities founding the enterprise; the first and last names, citizenship, and principal place of residence of the physical persons founding the enterprise;

14.3. The sphere of operations and nature of the founded enterprise;

14.4. The amount of the incorporation fund and the percentage owned by the parties, the founders' charter capital commitments, and the dates and procedure of investment;

14.5. The procedure of changing the amount of the incorporation fund;

14.6. The procedure of distributing profits and losses among founders;

14.7. The procedure of transferring industrial property and the rights to it to other entities and of its commercial use and protection;

14.8. The term of the contract;

14.9. The bases and procedure of terminating enterprise operations and of liquidation;

14.10. The procedure of settling disputes;

14.11. Liability for contract violations.

The founders can also include other stipulations in the contract if they do not conflict with the laws of the Lithuanian Republic.

#### Article 15. Types of joint ventures

The type of joint venture will be decided by agreement by the parties in accordance with the Law of the Lithuanian Republic on Enterprises.

The establishment of a state joint-stock enterprise with over 49 percent of the nominal value of the stock held by a foreign investor will be prohibited. A joint-stock company or exclusive joint-stock society can be established in this case.

If foreign investors should acquire over 49 percent of the nominal value of the stock in a state joint-stock enterprise, this enterprise will have to be converted into a joint-stock company or exclusive joint-stock society.

In the cases listed in the second and third paragraphs of this article, the joint-stock companies (or exclusive joint-stock societies) that are established will not be subject to the rules stipulated in the proposed second paragraph of the second Article 3 and the proposed second paragraph of the second Article 4 of the Law of the Lithuanian Republic on Joint-Stock Companies.

#### Article 16. Joint venture charter

The charter of the joint venture will be drawn up on the basis of the law pertaining to this type of enterprise.

#### Article 17. Transfer of part of joint ventures incorporation fund

The founders of the joint venture will have the right to transfer their share of the investment in the joint venture to other persons if the other founders have no objections.

If the foreign partner sells all of his charter capital or his share of the incorporation fund, other founders of the joint venture will have priority purchase rights.

The terms on which founders sell their shares to a third party must not be more favorable than the terms of sale to other founders of the joint venture.

### IV. Enterprises Owned by Foreign Capital

#### Article 18. Foreign capital enterprises and their establishment

A foreign capital enterprise is an entity operating in the economy of the Lithuanian Republic with its incorporation fund belonging to a foreign investor (or investors).

Branches of foreign enterprises in the Lithuanian Republic will have the status of foreign capital enterprises from the time of their registration in the Lithuanian Republic.

Representative agencies of foreign enterprises, establishments, and organizations are not foreign capital enterprises and do not have the status of a legal person. They will be established and will operate in the manner stipulated by the Government of the Lithuanian Republic.

#### Article 19. Charter of foreign capital enterprise

The charter of a foreign capital enterprise will be drawn up in line with the law pertaining to this type of enterprise.

[8 Feb 91 p 2]

[Text]

### V. Operational Procedures of Joint Ventures and Foreign Capital Enterprises

#### Article 20. Operational principles of joint ventures and foreign capital enterprises

Joint ventures and foreign capital enterprises will conduct their commercial and financial activity autonomously.

#### Article 21. Use of land by joint ventures and foreign capital enterprises

Land used for the activities of joint ventures or foreign capital enterprises will be leased for a term of 25 years

with priority rights to renew the lease. Taxes for the use of land will be paid by the enterprise in the manner prescribed by law.

**Article 22. Insurance of joint ventures and foreign capital enterprises**

The property of joint ventures and foreign capital enterprises will be insured by insurance establishments of the Lithuanian Republic regardless of whether or not they are insured in other locations.

**Article 23. Financial operations of joint ventures and foreign capital enterprises**

The financial operations of joint ventures and foreign capital enterprises will be conducted through banks registered in the Lithuanian Republic or other states.

**Article 24. Accounts of joint ventures and foreign capital enterprises**

The bookkeeping and statistical records stipulated in the Law of the Lithuanian Republic on Accounting will be kept by joint ventures and foreign capital enterprises. The specific bookkeeping procedures will be set by the Government of the Lithuanian Republic.

**Article 25. Interrelations of joint ventures and foreign capital enterprises with financial and inspection agencies**

The observance of the laws of the Lithuanian Republic and enterprise charters by joint ventures and foreign capital enterprises will be overseen by financial agencies and other state inspection agencies of the Lithuanian Republic.

These enterprises will be obligated to provide financial agencies or other state agencies of the Lithuanian Republic with information about their operations at the agencies' request in accordance with the laws of the Lithuanian Republic.

The inspecting body will keep the commercial secrets of the inspected enterprises.

If an inspection of the operations of joint ventures or foreign capital enterprises does not reveal any violations of the laws of the Lithuanian Republic and the charters of these enterprises, the inspecting body must reimburse the enterprises for losses incurred in connection with the suspension of commercial operations.

**Article 26. Fundamentals of internal regulation of joint ventures and foreign capital enterprises**

The working conditions at joint ventures and foreign capital enterprises, stipulated in collective agreements and hiring contracts, must not be inferior to the conditions specified in the laws of the Lithuanian Republic.

**VI. Acquisition of Stock in Enterprises in Lithuanian Republic**

**Article 27. Right to acquire stock in enterprises in Lithuanian Republic**

Foreign investors will have the right to acquire stock in enterprises in the Lithuanian Republic in the manner prescribed by the laws of the Lithuanian Republic.

Foreign investors can acquire only listed stocks. Transferred stock will be recorded in the manner prescribed in the Law of the Lithuanian Republic on Joint-Stock Companies.

The Government of the Lithuanian Republic will set limits on sales of stock in Lithuanian Republic enterprises to foreign investors.

A joint-stock company with the controlling stock (51 percent) owned by foreign physical or legal persons will have the status of a joint venture.

[9 Feb 91 p 2]

[Text]

**VII. Taxes and Tax Privileges**

**Article 28. Taxation of joint ventures and foreign capital enterprises**

The procedure for the taxation of joint ventures and foreign capital enterprises will be set in the tax laws of the Lithuanian Republic.

Records of enterprise income and expenditures in hard currency will be converted into rubles (litas) in accordance with the commercial rate of exchange and the profit will be calculated.

The tax on the calculated amount of profit will be paid in rubles (litas) and hard currency in proportion to enterprise income in rubles (litas) and hard currency.

**Article 29. Tax privileges and tariffs**

Joint ventures with foreign investments representing from 25 to 75 percent inclusive of their incorporation fund and earning all of their income only from the sale of the products they manufacture will be exempt from the profit tax for 3 years from the date they first declare a profit. The categorization of products as goods manufactured by the enterprise itself will be conducted in accordance with the instructions (or procedures) issued by the Government of the Lithuanian Republic. At the end of this period these enterprises will pay a tax of 20 percent on profits.

Joint ventures with foreign investments representing from 10 to 25 percent or from 75 to 90 percent of their incorporation fund and earning all of their income only from the sale of the products they manufacture will be exempt from the profit tax for a year following the date

they begin earning a profit. After the end of this period these enterprises will pay a tax of 25 percent on profits.

If a joint venture is liquidated during the enterprise's exemption period or within 3 years following the end of the exemption period, the enterprise will have to pay taxes on the profits it earned during the exemption period.

Joint ventures with foreign investments representing from 10 to 90 percent inclusive of their incorporation fund and earning from 50 to 100 percent of their income from sales of their own products will pay a tax of 30 percent on profits.

Other joint ventures and foreign capital enterprises will pay a tax of 35 percent on profits.

The dividends earned by foreign investors in Lithuania will be tax-exempt.

Other tax privileges can be granted by a decision of the Lithuanian Republic Supreme Soviet.

#### Article 30. Liability for tax violations

Joint ventures and foreign capital enterprises will be liable for tax violations in accordance with the laws of the Lithuanian Republic.

#### Article 31. Transfer of income earned on foreign investment

The income earned legally by foreign investors who have paid a profit tax will not be taxed when it is transferred abroad. Investors exempted from the payment of profit tax will pay a tax of 5 percent on the profits they take out of the country.

Foreign investors can take their income or their portion of income in the form of products of their own manufacture or goods and services purchased in the domestic market out of the country.

Goods and services purchased in the domestic market can be taken out of the country only in the manner prescribed by the Lithuanian Republic for export-import operations.

### VIII. Customs Privileges

#### Article 32. Customs privileges

The material contributions of foreign investors to the incorporation fund during the initial stage of its establishment will be brought into the country duty-free.

Decisions on customs privileges for crude resources and products brought into the country and products taken out of the country will be made by the Government of the Lithuanian Republic.

#### Decree of Lithuanian Republic Supreme Soviet on Procedure of Implementing Law on Foreign Investment in Lithuanian Republic

The Supreme Soviet of the Lithuanian Republic decrees that:

1. The Government of the Lithuanian Republic will do the following:

Draft additions to the Law of the Lithuanian Republic on the Directory of Enterprises and submit them to the Supreme Soviet of the Lithuanian Republic before 20 January 1991;

Draft a law of the Lithuanian Republic "On the Prohibition and Limitation of Spheres of Operation and on the Allocation of Land for Foreign Investments in the Lithuanian Republic" before 20 January 1991.

2. The commercial activities of joint ventures and foreign enterprises which have not been reregistered will be prohibited and will incur liability as the commercial activities of unregistered enterprises.

3. The privileges envisaged in the law will not apply to legal and physical persons of the USSR or its republics or to joint ventures established or existing within the territory of the Lithuanian Republic until bilateral agreements with the USSR or with these republics on this matter have been signed.

4. Starting on 1 January 1991 the Government of the Lithuanian Republic will publish information about all foreign investments for which permits have been issued within 10 days in LETUVOS AYDAS, EKHO LITVY, and KURYER VILENSKI.

5. This law will go into force on the day of its passage. It will expire on 20 February 1991 unless the law "On the Prohibition and Limitation of Spheres of Operation and On the Allocation of Land for Foreign Investments in the Lithuanian Republic" has been passed by that date.

#### Soviet Gold Export Policy Explained

91UF0589A Moscow ARGUMENTY I FAKTY  
in Russian No 13, Mar 91 pp 4-5

[Interviews with Yu. Karnaukh, chairman of the board of the Promradtekhbank, A. Kozlov, chief of the USSR Ministry of Trade Main Administration for Foodstuffs Sales, and Doctor of Economic Sciences V. Petrov, by ARGUMENTY I FAKTY correspondent Yu. Sigov; place and date not given: "Where Did the Gold Go?"]

[Text] The USSR, which ranks second in the world in the production of gold, next to the Republic of South Africa, has long turned "the yellow metal" into one of the main sources of foreign-exchange proceeds. However, the USSR has recently begun to sell gold in the world market still more vigorously, mainly in order to pay for the purchases of foodstuffs, in conjunction with its abruptly deteriorating economic situation.

**By now, a paradoxical situation has developed: Ever greater amounts of gold leave the country, but the shelves of our stores are still barren. Why does this happen? ARGUMENTY I FAKTY correspondent Yu. Sigov discussed this topic with Yu. Karnaugh, chairman of the board of the Promradtekhbank [Radiotechnical Industry Bank], in the past one of the most prominent specialists on gold trading in the USSR.**

[Karnaugh] First of all, we need to tell the people the truth: We have traditionally sold gold in the world market precisely in order to pay for the grain and meat we purchased. This has been done with particular vigor since the early 1970's on the basis of secret resolutions of the USSR Council of Ministers coordinated with the CPSU Central Committee. I, personally, never saw the resolutions after working for many years as a trader in our gold, as a "dealer," in Switzerland.

[Sigov] What is the world price of gold at present?

[Karnaugh] The price of one ounce (31 grams) of gold in the world market fluctuates under U.S. \$400, but it has now dropped to \$350.

[Sigov] Recently, the Soviet Union "unloaded" a 234-ton lot of gold in the world market. How justified was this major operation from a commercial point of view?

[Karnaugh] We stand to lose a lot by selling a large lot of gold. I am afraid that at present we are compelled to trade in gold on orders from the Council of Ministers or other directive state organs rather than on the basis of trends emerging in the world market.

A dangerous tendency has been registered recently in conjunction with the sharply deteriorating hard-currency situation of our country. As far as I know, Western bankers no longer do business with us based on "verbal agreements." This is why we have to put up liquid assets as collateral, for example, diamonds, as was the case in a transaction with the De Beers company. In the process, the Western bankers know full-well the size of Soviet hard-currency accounts in their banks.

As far as the recent "unloading" of Soviet gold in the world market, which you have mentioned, is concerned, it is quite possible that this gold was not actually sold but was deposited at Western banks as collateral.

[Sigov] When we sell gold abroad, we receive foreign exchange for it. Where does it end up, and what is it spent for?

[Karnaugh] Few people know that previously gold was delivered from the USSR to Zurich (Switzerland) and London, to gold exchanges, by special cargo planes carrying up to seven tons of "the yellow metal." However, this gold may be shipped from the USSR to any other point in the world as well.

When gold is sold at the exchange, all of the currency received is not contributed directly to the state budget, as

some people believe, but is deposited in our accounts in foreign banks, and is subsequently used for purchasing goods abroad.

[Sigov] Throughout the world, gold is traded openly, and the volumes of output and sales of gold by individual countries are published. In our country, "the golden topic" is still shrouded in secrecy.

[Karnaugh] Unfortunately, Soviet specialists working on the issues of gold production and sales are also forced to use data found in Western sources, which range widely. For example, according to CIA estimates, the USSR mines between 270 and 280 tons of gold a year. M. Kaiser, a specialist from Oxford, mentions a 400-ton level or higher. According to the data of the Consolidated Goldfields company, the sale of gold in the world market by "communist countries" in 1989 was put at 296 tons, with the Soviet Union accounting for virtually all of this volume.

#### We Ate It, But... We Are Still Hungry

Therefore, 234 tons of gold were either sold or used as collateral in the world market in 1990. What did the Soviet Union gain from this operation? Chief of the USSR Ministry of Trade Glavprodtorg [Main Administration for Foodstuffs Sales] A. Kozlov explains.

[Kozlov] First of all, I will note that it is virtually impossible to determine precisely what currency—"gold," "oil," or "gas"—is used to purchase imported foodstuffs. As far as specific purchasing statistics for 1990 are concerned, 1,076 million tons of meat, 268,000 tons of butter, 85,000 tons of powdered milk, 34,700 tons of baby formula, 101,000 tons of packaged tea, and 74 billion cigarettes were imported from abroad.

Let me start with meat because a shortage of it is being felt particularly acutely at present. The delivery plan for the first quarter of 1991 calls for 357,000 tons; however, only 103,000 tons have been received in the past two months, that is, almost three times less. Thirteen percent of the deliveries of butter were carried out, and 24 percent of those of dry milk. No baby formula at all has been received toward this year's deliveries.

Imported foodstuffs are distributed among the Union republics, Moscow, and Leningrad taking into account the volumes of production. The above cities and the Central Asian region receive state subsidies for meat because they do not produce it themselves.

[Sigov] Many people believe that at present imported meat products are delivered exclusively to Moscow and Leningrad. Do "the two capitals" really eat other regions of our country out of house and home?

[Kozlov] In 1990, Moscow and Leningrad indeed received almost 90 percent of the meat and milk purchased abroad. However, this is quite natural: They do

not produce these foodstuffs themselves, and the republics have abruptly reduced deliveries to them. After all, Muscovites alone eat about 4,000 tons of meat products daily.

[Sigov] How are the regions of our country "earning foreign exchange"—Tyumen, Kemerovo, and the gold-bearing sections of Siberia—supplied with imported foodstuffs?

[Kozlov] These are areas subordinate to the republic rather than the center. It is difficult to introduce "oil," "gold," or some other coefficients for providing imported foodstuffs for the people. However, it would be quite possible to introduce special increased supply norms for them.

[Sigov] What are the general prospects for the delivery of imported foodstuffs to the USSR in 1991?

[Kozlov] I may say that the volume of foodstuffs deliveries from foreign countries will not be higher than last year. At the same time, we will receive 13 percent less meat than in 1990. Reduced foreign-exchange allocations and the failure of our country regarding some foreign contracts have brought about the cessation of foodstuffs deliveries to our country in advance; they demand that we settle ahead of time.

### He Who Feeds the World Rules It

How come the "gold money" still cannot feed the Soviet people? Here is what Doctor of Economic Sciences V. Petrov, a specialist on imports and exports of agricultural products, thinks about this.

[Petrov] Our country spends tremendous amounts of foreign exchange annually in order to purchase foodstuffs abroad, in particular, grain and meat. Is this reasonable? On the one hand, such imports are unavoidable at present, because a considerable segment of our crop perishes in storage, transportation, and so on due to elementary slovenliness. On the other hand, we could apply the foreign exchange generated by gold sales in a much wiser manner.

For example, a calf of average fatness is grown at a regular rural farm in seven or eight months. This requires a minimum of outlays, including those for feed production. This is why the aforementioned "golden" foreign exchange could very well be used to purchase, for example, minitractors and minicombines made in the FRG or Holland for between \$1,000 and \$1,200. Agricultural enterprises and cooperatives that generate foreign-exchange proceeds by selling their products could purchase such machinery. In the process, foreign-exchange returns on producing meat in the USSR with our own resources would be six to eight times greater than in the case of purchasing meat abroad.

[Sigov] Would it not be more reasonable to purchase abroad consumer goods rather than foodstuffs?

[Petrov] In theory, it is more advantageous to buy 100 pairs of imported boots than one ton of "overseas" ham. The state or a joint enterprise may set the highest possible price for the boots. However, we need to take one important point into account: At present, the crisis condition of our economy is felt particularly acutely in precisely the sphere of foodstuffs supply. Indeed, we can purchase pantyhose, shampoos, and suits abroad, but only after the people are fed. It is sad to realize that this problem still has not been solved after 74 years of Soviet power.

### Progress, Problems of Altay Free Economic Zone Discussed

914A0588A Moscow SELSKAYA ZHIZN in Russian  
28 Mar 91 p 3

[Interview with S.S. Nutropkin, general manager of the Altay Free Enterprise Zone, in Altay Kray by SELSKAYA ZHIZN correspondent A. Torichko under the heading "Agro-Industrial Complex and Foreign Market"; date not given: "Is the 'Free Zone' Really Free?"]

[Text] It is known that Altay Kray is among several other regions of the country that have been declared free enterprise zones. This decision by the kray soviet of people's deputies was approved by the RSFSR Supreme Soviet almost half a year ago.

Our correspondent met with S.S. Nutropkin, general manager of the Altay Free Enterprise Zone, and asked him to answer a number of questions regarding the results of kray's economic operations in the environment of new economic relations.

[Torichko] What was there more of in the beginning: sweet goodies or hard knocks?

"The problem is," said Sergey Stepanovich, "that so far our zone is only formally free, since this was not specifically confirmed at the session of the Supreme Soviet of Russia. This not only ties up our initiative, but also puts us on a doubtful footing with our partners—especially foreign ones who under such circumstances usually show a certain reluctance in signing this or that commercial deal, contract, or agreement."

"The delay of the decision on the part of the Russian parliament is hard to understand, especially if we take into account that the concept and the legal status of the zone was worked out a long time ago, all necessary organizational matters were discussed in all the republic's ministries, and the required papers were signed by Chairman of the RSFSR Council of Ministers I.S. Silayev."

[Torichko] But you are not just sitting there and waiting? You must be doing something within the boundaries of the free enterprise zone concept approved by the kray soviet?

[Nutropkin] Before I answer this question, I would like to remind you that the main goal of creating a free zone in Altay is to ensure more favorable conditions for economic initiatives of our enterprises and organizations in the area of joint enterprises and for bringing out the constructive potential of the market economy, by attracting on this basis foreign capital that would then be included in a turnover of additional natural and economic potential and technical modernization of Altay industry and agriculture. We act today on the basis of this fundamental concept. So, what have we achieved so far?

We have established closer ties on a practical level with the majority of countries in Southeast Asia: Mongolia, China, Singapore, Japan, South Korea, and Thailand. So far, most of them are barter deals. But there are already some agreements to jointly produce consumer goods. One such agreement, for instance, has been signed with a Chinese-Japanese firm, which will be manufacturing clothing and shoes in the cities of Novoaltaysk and Zarinsk. One Chinese company located near our border proposed to organize a joint production of railroad containers which are currently in great demand. We supply the production facilities and the partner supplies the technology. The company is ready to invest \$20 million in the plant construction.

We receive many offers. Of special interest to the agro-industrial complex is, in our view, an American offer to process wool. Right now the kray enterprises ship all raw wool they produce out of Altay territory; by doing so, they lose 90 percent of the potential profit. That is, the value of the final product made from this raw wool (yarn, suits, and other items made of wool) is nine to ten times higher than what we get for the wool.

[Torichko] Sergey Stepanovich! These topics must be especially interesting to the peasant. Could you provide more detail?

[Nutropkin] Lately, Altay animal husbandry enterprises have been trying, by hook and by crook, to get rid of unprofitable sheep breeding. It requires a lot of effort, production costs are high, but the state pays a miserly price for raw wool. Even the meat packing plant is reluctant to accept sheep. The people who really profit from our wool are, as I said, processing and clothes-making enterprises located in other regions. That is why we are interested in the proposal presented by American businessmen to build in Altay a high-capacity enterprise that will process raw wool and also manufacture a final product from it. We have already allocated the facilities for future processing sections of the plant; the only part that needs to be completely rebuilt is the wool-washing section. If we accomplish this task, all profit from wool production will stay in the Altay free enterprise zone.

We have reached an agreement with enterprises in Germany, which will supply us with modern bread-baking equipment, a mobile meat and dairy processing plant to be installed in the Slavgorod zone of our kray.

In short, the largest number of mutually profitable commercial agreements so far have been signed in the branches of the agro-industrial complex, the products of which are now in the greatest demand among foreign companies.

[Torichko] As is known, one does not go to the market without a wallet. In this respect, what are the prospects for industrial and agricultural enterprises in the free enterprise zone? Where do you see the main sources for earning hard currency?

[Nutropkin] There are many. It is the development of tourism, hunting by license, export of young Siberian stag antlers, sea buckthorn oil and medicinal herbs, honey, fern, timber, and other traditional Altay items. We pin great hopes on the international airport, the construction of which is already under discussion with Taiwanese, Indian, American, and German firms. Since Altay is practically the center of Asia and may become a major international transit point, there are some major airlines interested in the project, including Germany's Lufthansa, America's Boeing, airlines from India and the Near East.

[Torichko] What is your main problem? What stands in the way of the free enterprise zone becoming truly free in its domestic and foreign economic activities?

[Nutropkin] There are some problems. The main one is the unstable domestic political situation. This is what makes our partners hesitate and keeps them away from us. Even those contracts that were signed with ease six months ago are now actually suspended. Representatives of many companies tell me directly: Why do not you first sort things out in your country; are we supposed to come and solve your problems for you? They are also put off by the instability of our laws: "Today we invest the money in joint enterprises, and tomorrow you are going to nationalize them." We have had this situation with a number of Japanese, Taiwanese, and Chinese firms; they point out our lack of responsibility, when one party signs contracts, but somebody else has to fulfill them.

Another problem is the uncertainty about the rights and powers of the Union and republic levels. This is what is happening: We get one authorization, but customs demands a different one. Moreover, we are being barred from entering barter deals and from border trade, which was already well developed over time with neighboring states. A great obstacle is the presidential decree in regard to 40 percent of hard currency earnings and the currency adjustments we have to make in accordance with the Council of Ministers' decision; as a result, enterprises end up keeping only 15 to 20 percent of their profit from foreign operations.

The main obstacle to our current activity, though, is the uncertainty of our situation because of the delay in formal approval of the Altay Free Enterprise Zone by the RSFSR Council of Ministers. Time goes by, people are waiting; they are losing their initiative and confidence in

a positive outcome of this undertaking that is so unusual for our society but is so needed in the market economy.

### Tasks of RSFSR Foreign Trade Bank Described

*91UF0581A Moscow NEDELYA in Russian No 12,  
18 Mar 91 p 4*

[Interview with V.M. Telegin, chairman of the board of the RSFSR Bank for Foreign Trade, by A. Sokolov; place and date not given: "Debts and Hopes"]

[Text] The First Congress of RSFSR [Russian Soviet Federated Socialist Republic] People's Deputies decided to set up a bank for the foreign trade of Russia. The RSFSR Supreme Soviet Presidium ratified the decision in November of last year.

The chairman said: "Our shareholders include the RSFSR Central Bank, the Ministry of Finance, the Ministry for Foreign Economic Relations, and their labor collective. Our charter fund amounts to 1.4 billion rubles [R], including R600 million in freely convertible currencies. This is our business card as of now."

[Sokolov] Indeed, the sign on the building of your bank does not differ in any way from other imposing signs. Is the bank itself different?

[Telegin] We decided to operate in a fashion different in principle from that of other similar banks. There will be no monopoly, as such, in the financing of Russian foreign trade. We are creating bank groups on a regional basis; these groups will become independent partners of the RSFSR Vneshtorgbank [Bank for Foreign Trade].

The entire regional banking system will be based on complete computerization. We have almost created the Urals Regional Bank; it will unify the regions of the Central Urals. Computers and computer links, at first with the regional bank, and subsequently with us in Moscow, will exist everywhere. All transactions will be performed in real time. This will enable us to substantially speed up settlements and to improve the quality of banking services to our clients.

At the same time, the communications system will be used in order to transmit necessary information on foreign-economic operations by economic organizations in the region. Therefore, the regions will know everything about their partners, and we will know everything about them.

[Sokolov] Electronic data are a commodity too, are they not?

[Telegin] Yes, it is a genuine and very expensive commodity. The business people of the world have long grasped this. More advantageous trade with foreign partners may be organized based on information. By seeing what transpires in the regions, we will gain an opportunity to know who is rich or poor in what. However, this is not just an economic issue, but a political one as well.

[Sokolov] Buying and selling always involves politics...

[Telegin] This is not the only point. Look at, for example, the Volga area. They have a great many autonomous entities there. If our system works it will be able to change the principle of borders and sovereignty into the principle of healthy economic interests. After all, it is known that if there is affluence in your house you treat your neighbors better too. It is better to trade than to divide it up...

[Sokolov] I listen to you, and I can see this in my mind's eye: There is a businessman walking in, say, Saratov, carrying an attache case. He stops and opens the case. Results of a transaction concluded half an hour ago in Tokyo appear on the monitor of his computer...

[Telegin] You know, I also see this... to be sure, for now in my dreams. However, this is precisely what the Vneshtorgbank of Russia is working toward. To be a sure, a lot is yet in the future. The Urals Regional Bank will begin to work as early as the second half of this year. The Northwestern Bank in Leningrad is next, and then the bank in Novosibirsk... Little by little, my dream can come true.

[Sokolov] However, the RSFSR Vneshtorgbank is facing a difficult task: to take part in the repayment of foreign debt.

[Telegin] Indeed, this is a millstone around our necks. The main point in this matter is to determine the principles, in keeping with which the share of all republics in the repayment of the foreign debt may be determined. With regard to Russia, it should be, for example, like this. We know the share of equipment delivered specifically to the RSFSR from total purchases. It is more difficult with, for example, grain and meat which we bought. Perhaps, it is worthwhile to use the per capita principle. In general, this is a difficult problem, but it may be solved. The main point is to find a common language with both the Center and our neighbors.

I am convinced that all subsequent foreign loans which the Union Government will obtain for the USSR should be, first, announced publicly, and second, coordinated with all partners. All of us must, and should, be free to know what segment of indebtedness, based on these loans, is attributable to a particular republic. In this case, everybody will be able to calculate his resources. Everything is going to transpire in a civilized fashion, without the current dramas.

As far as strictly direct loans are concerned, say, for the needs of the RSFSR, they should be obtained only on behalf of the Russian government, through banking establishments endowed with pertinent powers. They will definitely know—and take out—only what the economy of the republic truly needs.

Naturally, once the hard-currency situation stabilizes, we will be able to allow ourselves to live better. All countries of the world monitor the extent of foreign debt.

Such notions as credit ratings, or credit worthiness of particular countries, exist. These data are published in international magazines. In our country, this does not exist.

In general, the USSR has lost its reputation as a reliable debtor in recent years. Our task is to regain it, at least as far as Russia is concerned. After all, ultimately we are a republic bank. I am saying this for a reason. So far, all issues involving the foreign debt have been resolved through the USSR Bank for Foreign Economic Activity. This situation should change very soon, and our bank will procure the necessary funds based on the real potential of Russia. According to preliminary calculations, our situation is not all that bad on the whole. As of now, the trade balance of the RSFSR is, on the whole, positive.

[Sokolov] In general, how do big-time politics affect the operation of the bank?

[Telegin] Naturally, we feel all the contradictions that are now tearing the country apart. In general, finances and banks are, perhaps, the most sensitive barometer. Here is just one sphere: the narrowness of our legislative foundation, and at times its absolute absence. This situation creates a multitude of mutual misunderstandings and leads to procrastination and tremendous tension in operations. Here is just one example: The absence of a law on foreign investment in our country. There is investment in various forms and amounts, but there is no law. How are we to negotiate with Western partners, how are we to conclude transactions, how are we to come to terms without offering any guarantees?! Throughout the world, only laws are considered to be guarantees. Even so, we go and complain that the West "does not trust us yet."

To be sure, such a draft law was recently discussed in the RSFSR Supreme Soviet Committee for International Affairs. This is one of the main landmarks along our path to the market. Imagine this: As experts estimate, by now real estate alone worth about R3 trillion has been amassed by the state. At the same time, the savings of the populace come to a little bit more than R400 billion, out of which R300 billion are in Russia. The most superficial analysis indicates that even if nobody interferes with either privatization or the buying and selling of private property, only one-half of this amount may be used for investment. How are we going to put these R3 trillion to use, or in simpler terms, create a market? It is clear that there is no way. It is necessary to attract foreign capital. I will make a reservation: We should not attract it thoughtlessly. There is the notion of a safe level of foreign capital participation in the economy of a country. This level ranges between 10 and 30 percent of the gross national product in the United States and Western and Southeastern countries. We should also monitor this process strictly through legislation. I believe that the new law will be able to accomplish this.

[Sokolov] Do you think that had this law already been in effect the case of R140 billion would not have emerged?

[Telegin] Most likely, it would not have. We need a well-thought-out set of transactions with foreign partners. It is believed that at present R1.80 per dollar is a commercial rate. Who arrived at this number and on what basis? This is not clear. Let us look at the above R3 trillion in state property. We do not take into account the fact that this is its residual, understated value. We do not know the real price of anything because there is no market, that is, there is no supply and demand. For example, in the United States every object and every piece of land has a value expressed in a certain amount of dollars on the basis of the law of value. When the same happens in our country, the ruble will finally become convertible.

[Sokolov] That will be the day...

[Telegin] I am convinced that this time is not far if we adopt appropriate laws and strictly comply with them.

[Sokolov] It is nice to have a confident person head an establishment such as the Vneshtorgbank; however, real life is unpredictable.

[Telegin] Please understand that my confidence is based on the knowledge of the mechanisms of financial and economic development of various countries, rather than on ideological incantations. Thank God, I happened to study in America and Italy, and worked for five years in London, at the Moscow Narodny Bank. In general, I have spent my entire life within the walls of banks, and I know what is what.

#### Legal Provisions for Soviets Working Abroad Viewed

91UF0606A Moscow LITERATURNAYA GAZETA  
in Russian No 13, 3 Apr 91 p 6

[Interview with V.A. Volokh, deputy chief of the Administration for Migration and Resettlement of the USSR State Committee for Labor and Social Problems, by LITERATURNAYA GAZETA correspondent Ekaterina Tollegina; place and date not given: "Street With Two-Way Traffic"]

[Text] It is rush hour. In the underground passage at Pushkin Square, as always in the evening: beggars, musicians, and vendors of all possible kinds of useful advice and horoscopes. A young person is trading in contracts that promise a beautiful full life somewhere abroad. "How much?—Fifteen rubles!" Those who are curious stare, but they do not hurry to cough up any money.

After observing this scene, our correspondent, Ekaterina Tollegina, went to the USSR State Committee for Labor and Social Problems. She was received by V.A. Volokh, the deputy chief of the Migration and Resettlement Administration.

[Tollegina] Vladimir Aleksandrovich, of late one can see on the streets of many of our cities people who sell

contracts for work in the West. Has this kind of activity been legalized? Has anyone given them the authority to engage in this?

[Volokh] Of course not. There are many swindlers among the distributors who simply make xerox copies of these contracts. Intermediary firms also engage in the sales. For example, with the assistance of the agency for international utilization of USSR labor resources (AMITR), the American company International Employment Agency for the USSR disseminated blank contract forms through SOYUZPECHAT. According to the conditions of these contracts, our citizens are obliged to pay the middleman a part of their future salary for job placement. But this contradicts international legal norms. People were buying them, were sending them by mail to America, and afterwards were receiving the mail back with the notation "address unknown." From the inarticulate explanations that the AMITR gave, it became clear that, without checking, it trusted various "representatives," and these gladly disposed of their forms for good money. Thus, instead of an exploration of labor resources, a recruitment of people was started, for which the firm itself was absolutely not ready...

[Tollegina] This means that all that is taking place now is an evaluation of the labor resources of our country?

[Volokh] Precisely. Which, unfortunately, the firms themselves frequently conceal from our fellow citizens. To gather information to be submitted to their entrepreneurs in the future—this is normal legal activity. But when the firms themselves begin to promise easy job placement abroad and, in addition, take money for the sale of mythical contracts—this is outright deception and swindling.

[Tollegina] Excuse me, is your judgment emotional or legal?

[Volokh] With regard to this, international documents exist, first of all the ILO convention on migrant workers and the UN convention on the protection of the rights of migrant workers and their families. These documents state clearly: Intermediary activity is allowed if it does not conflict with national legislation and only with the approval and under the control of state services. Our country has not yet signed these conventions. This makes it even more important to establish a state migration service and to organize the matter of licensing the activity of intermediary organizations in the USSR. We have submitted pertinent proposals to the government.

[Tollegina] If organized labor migration in today's world is viewed as a blessing, then illegal migration has truly become a terrible evil. Does this misfortune threaten us as well?

[Volokh] Of course! Disorderly departures create an enormous pressure on the world labor market: The army of unemployed grows, the demand for manpower drops, trade unions put pressure on governments, and so forth. That is why international legislation provides for the punishment of employers who take part in the employment of illegal migrants.

[Tollegina] Well, and what are we doing to regulate labor migration from our country?

[Volokh] We are looking for methods to give this process civilized legal forms. Therefore, in negotiations with foreign partners, we are discussing the idea of work periods for our specialists for a term from several weeks to three years.

[Tollegina] How in the process will the social rights of our fellow citizens be protected abroad?

[Volokh] Our committee insists on the inclusion of a number of additional articles in the draft law on leaving and returning to the country: on the right of migrants to social security, on benefits for families with children, and on the right to medical assistance and service. For example, a person worked abroad for five years and returned home at the age of 60. Should the work time abroad be counted in the work record when figuring a pension? We are for its being counted, if a person paid his dues to the USSR Pension Fund and Social Fund.

[Tollegina] And so, several million persons can leave us. But they are also coming here!

[Volokh] True. About 150,000 foreign citizens are working in our country today. Mostly Vietnamese—about 65,000 persons. And there is a big problem here: We are supposed to send 30-35,000 Vietnamese home immediately. However, the Ministry of Civil Aviation and the Ministry of the Maritime Fleet switched over this year to a hard currency self-paying status. As a result, we do not have the wherewithal to meet our obligations to another country. The Cabinet of Ministers must get involved immediately and eliminate this absurdity.

The scales of immigration to this country are not large, but surely will grow. This makes it even more important now to conclude treaties to entrust the utilization of manpower to the enterprises themselves, and to leave for governments only concern about developing the general principles of organized labor migration. This procedure and undertaking should be institutionalized this year. As a matter of fact, the greater the scope of labor migration from our country, the more respectful we must become of foreign workers in the USSR. At some point, these two counterbalances will even out. And only when this happens will we be able to say rightfully that we live in a country which participates fully in the world distribution of labor.

**U.S. Intelligence Collection Methods Reviewed**

91UF0562A Tallinn MOLODEZH ESTONIA  
in Russian 13 Feb 91 p 2

[Interview with unidentified KGB agent by S. Sergeyev, under the rubric "From the KGB Archives": "Intelligence Was Previously a Poker Game, Now It Is a Chess Game...."]

[Text] I do not know his name and I even find it difficult to distinguish him by his gait. But he does exist. An intelligence agent. Behind him—is work abroad. Under cover and without cover. With legends and without them. During this time he conducted quite a few operations which we did not discuss and about which we can only speculate. Because he is—not from the 1940's or 1950's. He is from our time. And he only experienced failure as an intelligence agent once during his entire career. But for now a conversation on very timely topics that are not made more attractive using artistic conjecture....

**Who's Who, or The Three Primary Techniques To Extract Information**

[Sergeyev] You know I am interested in ways of gathering information in foreign intelligence. Surveillance, monitoring, purchasing, and are there also other methods?

[KGB Agent] Yes, you can also steal—information or a person. But this is a quite primitive method which is not characteristic for intelligence although you often encounter it in spy literature. But nevertheless, you must consider the "human factor" because much information is obtained using intelligence data, information that is extremely exhaustive and accurate in detail. But in recent years many not personal but global problems are being resolved using technical systems. The movement of military units, military equipment—mobile missile launchers, ships, and submarines—all is this is being ascertained using technical systems. We all know that the reconnaissance satellites of one power photograph every section of USSR territory once every three days and then thousands of agents efficiently study and analyze the results of the photography and distribute all information obtained according to function. I myself had the opportunity to see photographs transmitted from an American satellite where meter-long objects in Tallinn could be seen very well, down to details. We also know about the case, while monitoring the SALT I Treaty, when the Americans made allegations to us about one site's non-compliance—space reconnaissance had determined that missiles of a larger diameter than was prescribed had been installed in one region of our country. But this turned out to be a mistake which we rapidly managed to prove. The fact was that the photographic equipment had operated at the moment when the aspect unavoidably led to an error. By the way, there have been many such cases. Some of them have slipped into the press and others have not been mentioned. Information extremely rarely "leaks out" from this sphere.

Incidentally, the U.S. CIA even has normative acts that regulate the collection of information using "human sources," from an intelligence service with reliable contacts or from various "chatterboxes and well-wishers." This is also interrogation of defectors and prisoners of war. And without fail—questioning of individuals returning from trips abroad—scientists, businessmen, and tourists. This is not spy-mania. This is normal practice. The importance of information which one can obtain from "human sources" is stressed in these documents and one directive frankly states that intelligence must incline foreign citizens' to treason using "traditional and non-traditional methods." In so doing, they are guided by a single criteria—this treason must satisfy U.S. interests.

[Sergeyev] But treason is treason. And even having inclined someone toward treason, they treat the traitor quite simply if I understand the situation....

[KGB Agent] Everything is not that simple although we often forget about the moral side of the matter—it is too high a price.

[Sergeyev] And how does the CIA treat defectors?

[KGB Agent] According to American press information, there was a total of nearly 750 defectors from the USSR and the Eastern European countries between 1945 and 1990. American organs having jurisdiction divide them into three categories. Those who are directly under CIA tutelage are in the first category. They include agents of various intelligence and counter-intelligence organizations of the countries named and also American intelligence agents among local citizens. A CIA special instruction states that American intelligence must provide them vital material assistance when necessary.

One CIA agent stated that "these individuals become more amenable if they remain ignorant of the continuity of financial assistance."

Former diplomats, servicemen, and mid-level state bureaucrats belong to the second category. Their "allowance" totals half of the salary of first category defectors. Low-level state employees, cultural figures, and sportsmen belong to the third category. They are deprived of material assistance and must provide for their own existence. In practice, it is true that many instructions are not fulfilled. A squeezed lemon is a squeezed lemon.

[Sergeyev] Did you manage to get information from "human sources"?

[KGB Agent] All intelligence agents manage to do this. But you do not need to perceive this too simply: They say, I paid—I bought. Sometimes the source does not even suspect that he has involuntarily provided important information. But this is already a topic for another conversation, a topic of peoples' sympathy and interest for one another. Hardly anyone can obtain some information from a person who possesses it without somehow

causing the person who possesses it to like him and to want to spend some time together.

[Sergeyev] In the vernacular of this profession, this is called "warming one's way into someone's confidence"....

[KGB Agent] Just so. Every country's intelligence agents have this sort of work. Maybe, it is not the best but your country needs it. Believe me, this is work for perfectly honest and outstanding people. This is nerve-wracking work and you have to be constantly prepared to fail. You need to understand that this is so and then you will not be able to depict James Bond in your imagination or some other romantic image.

#### Why Invent It, if You Can Obtain It? Several Questions Not Only About Industrial Espionage

[KGB Agent] I can elaborate for you with regard to the most vital factors which are in foreign intelligence's sphere of interests right now, excluding purely military-strategic factors. They are political instability in many third world countries, the hard currency indebtedness of countries, companies, and concerns, prediction of economic phenomena, ecological problems that affect both interests that are common to all mankind and also the interests of our country, the increase of terrorism and organization of the struggle with it, drug distribution, the opportunity for certain countries to develop and proliferate weapons of mass destruction, competition on the international market, and the latest technical developments. And this is far from a complete list.

We need to become involved with all of these problems, including the one that we call economic espionage. Because of its disorderliness, we have lost so much that it is even impossible to count it. Many things that we have developed have turned out to be more rapidly introduced—and the main thing—patented in the West. In our country, we still do not have a concept of state security but it is already clear right now: In order to remain standing, to survive, and not to slide down into the third world countries' camp, we need to become very seriously involved with economics. Really—it is funny to say this—we have until now not developed the technology to process apples for long-term storage. No one will give it to us—they can sell it for easy money, only we are not that rich. Our lack of protection in conserving energy resources—is generally a treasure for the economy. Well look, this is a characteristic example. During a flight from Tallinn to Helsinki, our TU-134 consumes one and a half tons of fuel but a similar aircraft with German-made engines consumes a total of 300 kilograms of fuel. A Phillips 15-watt bulb shines just as brightly as our 100-watt bulb. Naturally it is funny to say that intelligence must become involved with these problems but no one is revealing commercial secrets right now, they are only selling them!

[Sergeyev] Let us steal them!

[KGB Agent] Let us borrow them. But they are borrowing more from us.

In general, economics and politics are very closely linked to intelligence activities. A high-ranking politician without the appropriate information is half blind. The latest information, both operational and analytical, lies on the desks of presidents and heads of state every day. It is easier for leaders of countries to make decisions thanks to it. And these are such important problems as the assessment of the balance of strategic power of some country or other, monitoring observance of treaties, the state of the economy of some country or other, the foreign trade balance, currency stability, the effectiveness of ecological measures, and internal stability in the country. A special threat—is the possibility of the appearance of weapons of mass destruction in third world countries. But for all of that and with all of the global complication of intelligence, it does not have the right to err in contrast to the press's susceptibility to sensation. Journalists also sometimes try to extract information and do not obtain it. So our problems are somewhat similar only each acts according to his own methods. In other words, intelligence renders assistance to the country's political leadership through its methods and no state in the world can get by without intelligence.

#### The Threat of Failure as a Remedy For Disease

[Sergeyev] In our country, at one time it was not customary to talk about professional training for intelligence specialists since generally this profession is shrouded in secrecy. But how they talk about it in the States!

[KGB Agent] This matter is placed on a broad footing over there. If I am not mistaken, intelligence is officially popularized in nearly 2,000 higher educational institutions and colleges, FBI and CIA recruiters continuously work at 750, and the intelligence services are in constant contact on personnel selection issues with 865 educational institutions. Nearly 200 journalists work in contact with the intelligence services on classified bases and they write about intelligence. Various organizations have been founded, including a CIA veterans organization. It is no accident that appropriations for intelligence are quite solid: Last year—\$25 billion and this year—\$30 billion. As you understand, this is open source data. And, it is understood that this money is justified in full.

And what advertising while inviting people to work for them! Read—the best people work in intelligence, high salaries, high prestige, and social security.

#### Recruitment for American Intelligence Analyst Training Courses

Listed below is a translation of a CIA Advertisement that was placed in the British ECONOMIST magazine.

...If you want to work in the world's best analytical service, the CIA is offering you the chance to become a specialist on analyzing problems of world significance.

Being an intelligence analyst, you will be responsible for studying and analyzing problems that are vitally important for our country's security and for disseminating this information to individuals who occupy the highest political posts in the U.S. Government.

The work which awaits you is honorable and responsible. You must know how to think rapidly, to act in a rapidly changing situation, and to transmit the information precisely and concisely. You will be involved in the analysis of events in foreign countries as soon as they occur. You will prepare forecasts which are needed by our political leaders in order to make appropriate decisions on the conduct of foreign policy activities. You must possess the required flexibility in order to rapidly adjust to new work.

In order to enter our training courses, you must have a first class recommendation, manifest persistence in attaining goals, a readiness to dedicate yourself to this profession, the ability to precisely set forth your ideas in written and oral form, and have an interest in international affairs. You must have a college diploma (a master of arts degree is desirable) with good grades in all disciplines.

We are particularly interested in young people who have training or work experience in one or several of the following areas:

—International relations;—Economics;—Security problems;—Area studies;—Political science;—History;—Military science;—Geography, cartography;—Technical sciences (Engineering);—Physics; and,—Fine arts.

Military service experience, prolonged residence abroad and a knowledge of foreign languages is highly desirable. Washington, District of Columbia, is your future work place with possible trips abroad.

**U.S. Citizenship is mandatory.** All applicants must successfully complete thorough medical and psychiatric examinations, lie detector tests, and in-depth security checks. Candidates range from 21 to 35 years of age.

The CIA is a unique organization. The men and women who work there are from all over the country and they are called upon to defend. We belong to various races and ethnic groups and we come from various social strata. We are united by our devotion to country and determination to insure its security which has led us to select the professional path on which we can bring the maximum benefit to our country.

The CIA richly rewards talented people. We offer you a good salary, high-quality professional training, and spectacular opportunities for job growth.

[Translator's note: end of quoted advertisement]

[Sergeyev] And how is it in our country?

[KGB Agent] Here I will not try to award the laurels to anyone. I know many of my colleagues, they are wonderful people and very high class professionals. We are not lagging behind in the confrontation of intelligence agents and incidentally this is very highly appreciated by the other side. Perhaps we are behind in the level of technical equipment. But in general, if you are talking about intelligence agents, they are people who are versatile and unusually gifted in various spheres of human activity. Take, for example, the legendary Rudolph Abel. He was a high class radio engineer, mathematician, and artist. The lawyer who defended him wrote a book about him "Neznakomets na mostu" [Stranger on the Bridge]. The following episode is described in the book. They constantly moved Abel from place to place in order to avoid his liberation or escape. Once, having blindfolded him, they put him in a car and took him to the airport. Then—a flight on an aircraft. When they landed, Abel accurately named the city. His escorts were in shock. He explained everything quite simply.

[Sergeyev] And the threat of failure—does it hold sway over you?

[KGB Agent] Of course. But you know for the sake of what you work and that they will not leave you in trouble.

[Sergeyev] Do you believe Shtirlits?

[KGB Agent] That is a collective example. They do not occur in intelligence. One of my colleagues once said: "Intelligence was previously a poker game and now it is a chess game." This is a very precise definition.

[Sergeyev] But is it ethical to engage in your craft?

[KGB Agent] During my over twenty years work in intelligence, I have not met one colleague whom I could have accused of immorality. I do not know of any cases in which we would have used blackmail or coercion. Conversations about political killings right now are conjecture.

[Sergeyev] We often have occasion to hear about espionage campaigns. Were there actually cases when nearly all personnel of a Soviet Embassy poured out....

[KGB Agent] These are political acts for the purpose of attracting the attention of world society. Note that in each such case the charges of espionage were reciprocal. For every one of their spies, there is one of ours. In general, campaigns against spy-mania frequently arise in the West. Not so long ago, a book on industrial espionage was published in one northern country and it has an appendix in which some resident or other and a KGB agent named practically every Soviet agent who worked in the country. But this is all on the basis of conjecture. But on the other hand it is scathing!

The United States thinks that it needs to assign thirty of its men to track one intelligence agent. This is probably actually the case. We have a nonstandardized workday and they receive additional salary for each overtime

hour. And there is this saying among our foreign intelligence agents that during an overseas temporary assignment—like in war, you are never sick. And the truth—I have not once been ill during all of those years. Not once.

[Sergeyev] But nevertheless they exposed you?

[KGB Agent] Yes, although not quite there where they could have. I went to a KGB sanitarium to relax with my wife and son—he was not yet 14 years old. I looked and saw that my boy was figuring something out. Later, he came up to me and asked: "Papa, you said that you are a diplomat but why are we at a KGB sanitarium?" Well, I told him something regarding an exchange of passes between departments. Soon, he came up to me again with that same question. Then, my wife and I conferred, our son was already big, and we decided to tell him. And I know that he became the only person who learned this contrary to my job responsibilities.

[Sergeyev] Well, we were talking about chess. Incidentally, right now computers are already defeating grand champions. And they say that soon a computer will even be too much for the world champion.

[KGB Agent] Well, maybe, maybe.... But a man enters the program, the data into the computer. In principle, one can get a precise answer to this question, for example: Recruited—Not recruited. But will the computer really provide a guarantee?

#### Daily Views CIA Relations With Journalists

91UF0556A Moscow KOMSOMOLSKAYA PRAVDA  
in Russian 14 Mar 91 p 3

[Article by A. Vasilyev: "For the Sake of a Few Lines in a Coded Message"]

[Text] *The mutual relations between the press and the secret services is not a new topic and is topical in many countries, including the USSR. Recall, for example, the admission of General O. Kalugin that he was engaged in intelligence activity in the United States in the 1960s under cover as a Gostelradio [State Committee for Television and Radio Broadcasting] correspondent in New York. The problem of the collaboration of American journalists with the FBI and the CIA is a very acute one in the United States itself. They have repeatedly tried to define the nature of those relations through laws, but it has not proven so easy to do...*

A good American journalist is the same as an intelligence operative. Gathering material for reporting or analysis, he in fact makes use of the same methods as the "knights of cloak and dagger": interrogating his "agents," paying them money for valuable information etc. Our American colleagues are furthermore inured in the laws of the free press and the competitive struggle for readers. And that is namely why many of the accredited reporters in Moscow are suspected by our counter-intelligence of affiliations with spying activity, and some—such as, for

example, Hedrick Smith, one of the most famous journalists in the United States—have been expelled for it.

I am not resolved to assert, by the way, that they have all suffered innocently. The CIA, after all, has addressed the opportunities for information gathering that are offered by the profession of reporting virtually since the moment of its inception. "Special relations have taken shape between the CIA and reporters, since they are engaged in the same thing," said congressman Les Aspin. "Both a CIA officer and a journalist seek information, and each has what the other needs. The CIA would be glad to use journalists, who need only be patriots and do what is required of them. And the journalist thinks, 'If these guys share information with me, I'll get a Pulitzer Prize!'"

Here is how Ted Schultz remembers his work: "I was working in Prague as a NEW YORK TIMES correspondent in 1968 and spent whole days driving around the country, observing Soviet troops, since it was necessary for my reporting. I wanted to find out how many tanks they had, whether they had guided missiles etc. When I returned to Prague I met with the military attaché, not so much to report the situation to him as to verify my data. He was a professional, after all, who could better assess the strategic and tactical importance of the things I saw. Very often he went off somewhere, checked my data with his own and then said, 'Yes, you're right' or 'No, you're mistaken.' The military attaché, of course, also used my information in his reports, which bothered me more than a little, since we were touching on issue of national security here."

It becomes understandable from this story why the CIA values collaboration with journalists so much. As the official representative of the United States, the military attaché, after all, cannot drive around the country at such times and observe the entry of Soviet troops into Czechoslovakia. He would most likely have been arrested and thrown out of the country in 24 hours.

But the advantages of journalists over diplomats are not manifested in extreme situations alone. Diplomats, for instance, have a clear-cut concept of rank: at any reception, the second secretary of one embassy socializes with the second secretary of another embassy, but not with a councilor, the more so with an ambassador. No diplomatic protocol exists for journalists.

Local residents are moreover usually afraid to make contact with an official representative of the United States in countries where anti-American regimes are in power, and they are more comfortable dealing with journalists.

Figures typifying the scope of the collaboration of the CIA with representatives of the press were made public in the course of an investigation into the activity of that agency in the middle of the 1970s. A report by Senator Church's commission noted that about 50 reporters had been linked with the Central Intelligence Agency from 1952 through 1976. The CIA itself acknowledges a more

modest number—"about three dozen." But Carl Bernstein writes in his book, "The CIA and the Mass Media," that "more than 400 American journalists" had carried out secret assignments for the agency during that period.

The scandals of the 1970s, entailing exposure of the activity of U.S. intelligence services, forced the leaders of the CIA to document that they would refrain from recruiting journalists. The first such document was a directive by George Bush—then the CIA director, today the president of the United States—which said, "The CIA will not enter into paying or contract relations with any full- or part-time correspondent accredited by any American news service, newspaper, magazine or radio and television company or station."

This directive, however, left many loopholes for the agency. Several forms of working relationships exist between a reporter and an editorial board in American journalism. Many well-known journalists are "stringers" and "free-lancers," *i.e.* they do not receive conventional pay, but rather work by agreement or transmit their material when they want. The Bush directive was silent about these journalists. It also said nothing about operators, managers and technical workers, of whom there are many at the major publishers. Cases where the CIA finances the publication of newspapers and magazines abroad (DER MONAT in Germany, ENOUNTER in England and DAILY AMERICAN in Italy), as well as the problem of recruiting foreign journalists, were also not addressed. Bush himself later admitted that his instructions did not affect more than half of the forms of collaboration between the CIA and the press.

When Stansfield Turner came to head the Central Intelligence Agency in 1977, he had to issue a new directive, which remains in force through the present day. It requires the CIA: "a. Not to enter into any relations with any journalists working full- or part-time (including so-called 'stringers'), and accredited by American news agencies, newspapers or radio and television companies or stations, for the purpose of pursuing any intelligence activity. The term 'accredited' is understood to mean any citizen of the United States or foreigner working either full- or part-time who is officially given the right to act as a correspondent of any American publisher via the signing of a contract or the issue of credentials, or who is officially recognized by a foreign government as a representative of an American publisher;

"b. Not to enter into any relations with representatives of the auxiliary personnel of any of the American mass media for the pursuit of intelligence activity without the special permission of the head of that publisher;

"c. To use the name or equipment of any of the American mass media as cover for the officers of the CIA or their activity."

Director Turner stated in conclusion that "Exceptions to the aforementioned rules made be made only by special permission of the director of the CIA." A sentence that

immediately gave rise to a storm of indignation among representatives of the press.

The directive was new, but loopholes remained. Its text mentioned "stringers," but not a word about "free-lancers." The term "free-lancer" itself, by the way, has no precise definition, and it is consequently impossible to determine what is permitted and what is prohibited in relation to that category of American journalists.

The question arises of why contacts between the CIA and the press elicit such opposition. Why did no one speak out, for example, against the use of diplomatic cover for the pursuit of intelligence activity?

The whole issue is the First Amendment to the Constitution of the United States, "sacred" to American journalists, which proclaimed freedom of speech and the press. Any interference by governmental bodies in the activity of the American press evokes a mighty wave of protests on the part of the protectors of the "First." The issue is not only their rights, after all; it is an issue of the reputation of a free society!

The debates that arose surrounding the question of the possibility of the CIA recruiting foreign journalists are of interest in this regard.

The board of directors of the Society of Professional Journalists adopted a resolution in 1978 that said, "We call upon the Congress and the President to ban the CIA from using foreign journalists in its activity." The president of the American Society of Newspaper Editors, Eugene Patterson, declared two years later in hearings before Congress that "As long the CIA continues to pay foreign journalists and spreads disinformation through the foreign mass media, no one in the world will believe that America really does favor freedom of the press."

There are people, on the other hand, who distinguish between the press of the "free world" and that of "totalitarian regimes." They pose the question of whether the CIA should refrain from recruiting Soviet or Chinese journalists, who are themselves, perhaps, intelligence operatives (recall O. Kalugin). Daniel Schorr—himself a journalist—wrote that "Would I be against it if the CIA recruited the deputy editor-in-chief of PRAVDA? Hell, no. I would only be glad..."

Public opinion in the United States has ultimately reached a consensus: the laws of the free press should not be violated in the places where they exist. That is, hands off the English, French and West Germans, and grab the Russians and Chinese!

A formal ban thus exists in the United States on the use of journalists in intelligence activity, but there are also loopholes to get around that ban. The morality of the issue of the possibility of collaboration with the intelligence agencies has also not been unequivocally resolved from a moral standpoint: freedom of the press, on the one hand, and patriotism and the interests of the great

America on the other. Every American journalist thus resolves this issue on an individual basis.

### Schwarzkopf-Bush Differences Reported

91UF0586A Moscow *IZVESTIYA* in Russian  
29 Mar 91 Union Edition p 4

[*IZVESTIYA* correspondent A. Blinov report: "The General's Tactical Error"]

[Text] Washington—Success in battle does not guarantee political immunity to even the most successful general. This is the conclusion being drawn by the American press from the story of the television interview given by General Norman Schwarzkopf, commander of American forces in the Persian Gulf.

Schwarzkopf, who, following the victory over Iraq, has become America's most popular general, gave an interview to David Frost, the British television celebrity. The interview, which was commissioned by the Public Broadcasting System, was shown in prime time on Wednesday evening. But it was known as of the morning even that the version expressed by Schwarzkopf was not supported either by the White House or the Pentagon.

The American commander's interview with the television correspondent was devoted to the now concluded Desert Storm military operation, in the course of which the Iraqi Army was smashed in Kuwait and the southern regions of Iraq. The general compared the victory with the rout of the Roman legions by Hannibal's Carthaginian army at Cannae, but expressed regret that it had been incomplete.

According to the general, he was forced on the President's orders in the final phase of the operation to halt the troops' advance. "Frankly, I recommended that the advance continue. We had them on the run and could have continued to wipe them out. We could have closed off the withdrawal routes and switched to a battle of annihilation," Schwarzkopf said. But the President ordered otherwise.

"The President decided that we should call at halt at a given time and place, leaving them withdrawal routes," the general said. "I consider this a humane and courageous decision."

Despite the fact that the general accompanied his communication with such an assessment, U.S. Defense Secretary R. Cheney issued a statement for the press refuting the words of the general, who is subordinate to him. "The President's decision was correct and bold and based on the recommendations of his senior military advisers," R. Cheney announced. According to the defense secretary, General Schwarzkopf was among those with whom the President's order was agreed. The general voiced no objections at that time.

Many commentators are recalling the affair involving the celebrated American general Douglas MacArthur,

who entered into open conflict with the country's president. At the height of the Korean War he got into an argument with then U.S. President Harry Truman over the question of the use of nuclear weapons. The general was advocating a nuclear strike against China, but Truman believed that this would lead to world war. The dispute culminated in the dismissal of the general, who had gone against the country's political leader.

General Schwarzkopf, meanwhile, has not, as observers note, crossed the fatal line and has not entered into a direct conflict with the President. In consideration of this the White House and the Pentagon leadership will not, evidently, be imposing any direct sanctions on the commander. At the same time, it is believed here, the general made a political mistake, and the Pentagon will not keep the general on after this summer when he reaches retirement age.

### Motorola in Plans to Set Up Soviet Mobile Phone Network

PM2003134591 Moscow *KOMSOMOLSKAYA PRAVDA* in Russian 16 Mar 91 p 3

[S. Belyayeva report: "Where Are You Calling From? From the Forest, Of Course..."]

[Text] Planning for a mobile phone network has started in the country. This is being undertaken by two Soviet-U.S. companies (the U.S. side is Motorola—a major electronics producer).

What will we gain from this? I put this question to the country's Ministry of Communications.

The network is planned to have a capacity of 100,000 subscribers and will be set up region by region. The first region will be Moscow—to within 60 km of the city center. It will be possible to contact any subscriber by mobile phone this year even from a nearby forest. The estimated cost will be 2,500 rubles [R], the subscription will be around R40 a month.

Since there will probably be difficulties getting mobile phones (they will be produced by the "Zarya" Science and Production Association in Voronezh), following the appropriate registration it will also be possible to use foreign-made handsets (admittedly, only phones of the "modified northern standard" have the requisite specifications).

Following Moscow, mobile phone networks will appear in Leningrad and Kiev.

Incidentally, a mobile phone network has long been used in the United States and is based on the "cellular" principle: The entire country is divided into zones, each with its own transmitter.

Motorola has initiated cellular coverage for the entire planet, proposing to use space-based transmitters for this purpose. The program is scheduled to take six years and will cost more than \$2 billion. Despite the planned high cost of handsets (over \$3,500) and the considerable subscription charge, more than 2 million potential subscribers have already shown interest.

**Soviet French Talks on Agroindustrial Cooperation Reported**

91P50146A

[Editorial Report] Moscow SELSKAYA ZHIZN in Russian for 3 April 1991 carries on pages 3 and 4 an "account" of a Soviet-French colloquium on cooperation in the agricultural and agrotechnical sphere, held in connection with a French international agricultural show in Paris. The article, entitled "Agroindustry and Franco-Soviet Cooperation," states that the idea of the meeting grew out of a "contract on the establishment of permanent partnership relations" between the French agricultural newspaper LA TERRE and SELSKAYA ZHIZN. The Soviet participants, including VASKhNIL [Academy of Agricultural Sciences imeni V.I. Lenin] vice-president V. Kryazhkov and RSFSR deputy minister for agriculture and foodstuffs K. Suslov, stressed the need for close cooperation in the areas of science and technology, economics, and trade. The French, in particular chairman of the Franco-Soviet working group on cooperation in the agroindustrial field (Jacques), expressed their concern about the economic situation in the Soviet Union and the need to establish "mutually beneficial" and reliable contacts and ventures. A note from the editorial board states that SELSKAYA ZHIZN and LA TERRE have agreed to place advertisements in each other's papers to help businessmen interested in cooperation. The article ends with an assessment of the progress of economic reform in the Soviet Union by SELSKAYA ZHIZN reporter V. Solovyev: "In the Soviet Union the argument is not between those who want economic reform and a free market and those who are against it. The problems in this discussion are completely different. The main argument is between those who want this reform quickly and those who want to implement it gradually. This leads to serious reflections."

**Private Sector German Aid to USSR Noted**

91UF0587A Moscow IZVESTIYA in Russian  
29 Mar 91 Union Edition p 5

[Ye. Bovkun report: "60,000 Tons From Private Individuals Alone"]

[Text] Bonn—First a few words about a document received recently by the Soviet Embassy in Bonn from the FRG Embassy in Moscow. This is a list from the Information-Computer Center on the receipt in our country of humanitarian assistance freight at the nongovernment level. There are on the list 43 countries: from developed capitalist countries, including Israel, and former socialist countries, including Romania.

It is somewhat strange seeing thereon the Faeroes, Afghanistan, Congo or Cuba, which, it has always been thought, we ourselves help. But the point lies elsewhere.

The total weight of parcels from private individuals constituted 71,686 tons, 60,000 from Germany alone.

This deserves thinking about. The main flow of freight has come and continues to come from the FRG. Even following the shock caused here by the events in the Baltic, the collection of money for charitable undertakings in the Soviet Union continues.

The quality of the humanitarian assistance at both the government level and via private channels has changed only in one respect. The bulk of the freight now consists of medicines and medical equipment and, to a lesser extent, food.

The German Hospital Insurance Society handed the German Red Cross a check for 535,000 Deutsche marks. Equipment for clinics and hospitals in Minsk, Smolensk, Gomel, Bryansk and other cities will be purchased with this money. And, what is more, we are talking about modern medical equipment.

"We consider it our duty," German businessman H.-H. Timmer observed in conversation with me, "to come to the assistance of children, the elderly, and the seriously ill not only for humanitarian reasons but also to support the reforms that have begun and to help unite the efforts of the people of East and West in the building of a peaceful life. The sum of half a million is the contribution of our outfit, all the firm's employees. It began with us conducting a public 'money box,' to which people contributed as much as they could. Then the works council decided to organize activity under the motto 'Aid Knows No Borders,' and the board allocated resources on behalf of the firm.

"At the end of March transport carrying medicines and equipment will set off for Belorussia, but this will not be the end of it. It is proposed to consolidate cooperation by establishing personal contacts with personnel of the 'sponsored' Soviet clinics: Soviet doctors will come here, and German technicians and consultants will head for Belorussia."

And here is a totally different example. Tom Karrere, a physician by profession with a practice in Luebeck, a Hanseatic city in Northern Germany, decided to organize his own, personal aid venture. With the assistance of firms and individual citizens, primarily his patients, he quickly collected 3.4 tons of medicines and half a ton of provisions. He found an assistant in a judge acquaintance of his from Hamburg, just as enthusiastic, albeit considerably more skeptical toward the idea of delivering the charitable freight themselves.

The first problem—whom to help—was solved comparatively quickly. Viktor Tyutyunov, counselor at the Soviet Embassy in Bonn, suggested an address—the Charity fund in Pskov.

They obtained visas, rented a truck together, fitted it with a camp bed so that they could spell one another at the wheel and at 0200 on Christmas morning set off from Hamburg. A 15-minute inspection at the customs in

Polish Terespol, a 50-minute inspection in Brest, and then without holdups to Pskov, not counting a short stop in Vitebsk.

Once on the streets of Pskov, a snag: They had left Charity's address behind in Luebeck. Passers-by helped them find the premises of the organization and unload the vehicle. Nothing was missing. Tom Karrere recalls with warmth and gratitude the meetings with Lyudmila Kovaleva and her fellow workers at Charity, with the local Red Cross representatives and doctors of the district hospital, to which it had been decided to hand the medicines, and with the townspeople. The "chain of

trust" which stretched from Luebeck to Pskov united many ordinary people in the Soviet Union and Germany.

Upon their return, T. Karrere and K. Wiesman decided to continue what they had started. This was prior to the tragic events in Vilnius. What now?

"Hope of more fruitful East-West humanitarian exchange has taken a bit of dive," T. Karrere now says. "But this will not be reflected in Germans' readiness for cooperation. The building of the common European home cannot be postponed on account of bad weather."

**Romanian Irredentist Sentiments Noted**

91UF0579A Moscow *IZVESTIYA* in Russian  
20 Mar 91 Union Edition p 6

[Article by *IZVESTIYA* correspondent V. Volodin: "FSN Leader—Petre Roman; Congress of Romanian Ruling Party Chants: 'Bessarabia!'"]

[Text] Bucharest—The meeting of the national convention (congress) of the National Salvation Front held in Bucharest concluded with the reorganization of this "broad social movement that is open to all political factions" into a political party of the social-democratic type with a strict organizational structure oriented on the Socialist International. Prime Minister Petre Roman was elected to the post of national leader of the National Salvation Front.

The idea of reorganizing the National Salvation Front into a political party did not arise accidentally. Immediately after the victory in the elections, which gave the National Salvation Front a majority of the seats in parliament and enabled the formation of a one-party government, the popularity of the Front in Romania began to fall, most of all in the large cities.

A definite role in this was played, of course, by the opposition and the independent press, which accused the National Salvation Front of all mortal sins, from falsification of election results and usurpation of authority to sympathies for neocommunism, "collusion with the KGB," degradation, and corruption. However, apart from the many and at times far-fetched accusations, a whole series of mistakes and deliberate compromises, which turned into a worsening of Romania's economic situation, could not help but influence the departure from the National Salvation Front by yesterday's supporters, essentially from among the intelligentsia. The amorphousness of the "social movement" also made itself felt.

Professor N.S. Dumitru, deputy leader of the National Salvation Front, spoke with sharp criticism at the meeting of the national convention after P. Roman's speech setting forth the political platform of the Front, which was simultaneously the government's program. P. Roman himself took hell from the deputy as a result of actions due to which, in the opinion of the speaker, the "National Salvation Front lost the confidence of the street." A lot was also said in the lobbies of the congress about the aspiration of P. Roman, who was allegedly intending to transform the National Salvation Front into "his own party." However, judging by the speeches from the rostrum, the reaction in the hall, and the indignant roar that greeted the speech of N.S. Dumitru, essentially like-minded thinkers were assembled here.

A resolution developed at the meeting by the foreign policy section expressed concern over the "effort of the USSR central government to impose the holding of a Union referendum on 17 March in Moldova, which was categorically rejected by the republic." The document—

which was unanimously adopted while the delegates chanted the slogan "Bessarabia!"—accuses the Soviet leadership of disturbing the natural balance in Moldova by bringing in additional people from the outside and military contingents. In the opinion of the journalists who attended the meeting, it was not accidental that the delegates showed up with breast badges of the national convention of the National Salvation Front depicting a map of Romania, which included the Republic of Moldova and certain rayons of the Ukraine, Hungary, Yugoslavia, and Bulgaria.

In summing up the results of the work of the National Salvation Front national convention, it can be noted that the National Salvation Front has become an absolutely new party. Did it succeed in strengthening the main body and establishing a disciplinary framework for members of the party under conditions of the announced departure from the National Salvation Front by the populist element? According to some forecasts, this threatens the National Salvation Front with the loss of up to 30 seats in parliament.

**Romanian Foreign Minister on Moldova**

91P50143A Moscow *RABOCHAYA TRIBUNA*  
in Russian 30 Mar 91 p 3

[IAN report: "We Will Be Realists".]

[Text] "Today we are forced to reconcile ourselves with the idea of the existence of two Romanian states, leaving behind the hope that the border dividing the left bank and the right bank of the Prut will be seen only symbolically" announced the Romanian Minister of Foreign Affairs, Adrian Nastase after signing a protocol on cooperation with the Moldovan Minister of Foreign Affairs. "It is difficult to think of the Republic of Moldova as a foreign country" said Nastase. At the same time, in spite of the ties of blood between our peoples, in spite of our historical and linguistic commonality, we cannot ignore European reality. We must come to terms with the Moldovan declaration of sovereignty, with her determination to attain full independence. It would simply be utopian and unconstructive at this stage to think of Bessarabia as a Romanian province with which we should strive to reunite as this would entail ignoring the aspirations of the Republic of Moldova. [quotation marks as indicated in text]

**Deputy Premier on Soviet-Bulgarian Relations**

91P50142A Moscow *PRAVDA* in Russian 27 Mar 91  
Second Edition p 5

[Interview with A. Tomov, Bulgarian deputy premier, by L. Zhmyrev *PRAVDA* correspondent: "Bulgaria: A Time of Great Changes".]

[Excerpts] [Passage omitted] [Zhmyrev] When we discuss relations between the Bulgarian Socialist Party [BSP] and the CPSU, or Bulgarian-Soviet relations in general, traditionally, and essentially, we speak of

mutual understanding. But allow me to ask, how do you regard the announcement of President Zhelyu Zhelev that the "relations between the Republic of Bulgaria and the USSR do not retain their previous significance? In what sense must this be understood?

[Tomov] I think that now and in the future relations between Bulgaria and the Soviet Union will have an essential significance for our country. And this is brought about not only by historical traditions which have been discussed many times, but also by economic realities: geopolitical factors, 'resource inter-connectedness,' the necessity of further integration in Europe from the Atlantic to the Urals.

I would like to connect straight away that thought with the previous period of development of Bulgarian-Soviet

relations. Today in circumstances of the democratic process, our country's foreign relations must be de-ideologized. This is the opinion of the Soviet side as well. This means that both now and in the future our connections will not depend on the views of any one party, or for that matter, of any one individual.

As for Bulgaria, the balanced approach of the main political forces participating in the country's leadership will be reflected in the country's inter-government and inter-party contacts. But independent of that, the traditional ties with the Soviet Union and the objective preconditions are such that in the future these ties will have a primary significance as well. This is my deep conviction. [passage omitted]

**Mexican Congress Delegation Visit Detailed**

*91UF0578A Moscow IZVESTIYA in Russian  
25 Mar 91 Union Edition p 4*

[Unattributed report: "Visit to the Soviet Union of a Mexican National Congress Delegation"]

[Text] At the invitation of the USSR Supreme Soviet, a Mexican National Congress delegation headed by A. Martinez Dominguez, chairman of the Senate Foreign Affairs Commission, was in the Soviet Union from 14 through 21 March 1991 on an official visit.

In the course of the visit the Mexican members of parliament were received by USSR Vice President G.I. Yanayev, I.D. Laptev, chairman of the Council of the Union, and A.S. Dzasokhov, chairman of the USSR Supreme Soviet International Affairs Committee, and attended a sitting of the USSR Supreme Soviet session. Meetings were held in the USSR Foreign Ministry, the Moscow City Soviet and the M.V. Lomonosov Moscow State University.

Mexico's senators laid a wreath at the Tomb of the Unknown Soldier.

Aside from Moscow, the delegation visited Leningrad, Vladimir and Suzdal, where they familiarized themselves with the activity of the local authorities, toured a number of industrial and agricultural enterprises and viewed historical monuments and sights. At the invitation of the local authorities the delegation visited two electoral precincts in Vladimir, where they familiarized themselves with the course of the first referendum in the USSR.

During the meetings and discussions, which were held in a warm atmosphere typical of the friendly nature of Soviet-Mexican relations, the parties exchanged information on the activity of the parliaments of the two countries, discussed key international problems and examined questions of bilateral relations.

The members of the Mexican delegation were notified in detail as to the current stage of perestroika in the USSR, the content and main directions of the political and economic reforms, the prospects of the renewal of the Soviet Federation and the activity of the committees of the USSR Supreme Soviet and the standing commissions of its chambers.

The Mexican members of parliament told their Soviet colleagues about the activity of the National Congress and its role in the accomplishment of the economic and social tasks confronting the country.

During the examination of current international problems, the parties noted the development of positive trends in the modern world and the gradual change from confrontation to a strengthening of mutual understanding and trust and the establishment of the principles of the new political thinking and stressed the need for an increase in international efforts in the interests of a strengthening of peace and security in the world.

The Mexican members of parliament made a high evaluation of the Soviet initiatives aimed at the establishment of a nuclear-free and nonviolent world and the creation of an all-embracing system of international security. It was noted for their part here that the processes occurring in the USSR should contribute to its preservation and strengthening as a guarantor of stability and the positive trends in world affairs.

The parties exchanged opinions on regional problems and advocated the speediest political settlement of current conflict situations. In this context they noted the great significance of the Latin American countries' peace-making efforts geared to a peaceful and just settlement in Central America. The Soviet side emphasized Mexico's important role in this process. The members of parliament of both countries confirmed their belief that the achievement of lasting peace in the Central America region is possible only on the basis of strict respect for the principles of sovereignty, noninterference in internal affairs and consideration of the legitimate interests and inalienable right of each people to free self-determination.

Opinions were exchanged on the prospects of the development of Soviet-Mexican relations, in the course of which the parties affirmed their mutual aspiration to a strengthening of bilateral cooperation in various spheres and a further broadening of contacts in the sphere of culture, education, and sport. Mutual interest in a strengthening of parliamentary relations was expressed.

An invitation was handed to the USSR Supreme Soviet on behalf of the National Congress for it to send a delegation for an official visit to Mexico at a time convenient for both sides. The invitation was gratefully accepted.

**Japanese TV Begins Gorbachev Coverage**

91UF0597A Moscow RABOCHAYA TRIBUNA  
in Russian 2 Apr 91 p 3

[Report by Igor Titov: "NHK: 'Gorbachev Month'"]

[Text] Yesterday, two weeks before USSR President M.S. Gorbachev begins his visit to Japan, the National Television and Radio Broadcasting Corporation of Japan (NHK) started a series of special daily programs in connection with this event.

The timing was not accidental: In Japan the new financial and academic year starts in April; therefore, this period is the most productive one from the point of view of increased viewer interest.

In evening "prime" time the Japanese will see thematic programs on Soviet-Japanese relations; they will get acquainted in detail with the Soviet Far East and the

economic aspects of cooperation between our two countries; and they will see segments on Japanese POWs who worked at Siberian construction sites after the war. On 7 April a four hour Moscow-Tokyo television bridge will take place—it will be broadcast on 10 April, closer to the date of the visit. A special one-and-a-half hour program about the USSR president has been filmed, and will be broadcast, in a special high-resolution mode.

NHK will also cover in detail the visit itself and its results; it will present to the Japanese the viewpoints of notable representatives of the political and business circles regarding the prospects for Soviet-Japanese relations.

"For our television company, the whole month will become 'Gorbachev month,'" the NHK Moscow bureau chief said. "We have a substantial influence on public opinion and we hope that our programs will contribute to the success of the Soviet-Japanese summit."

**Efforts to Free EPLF-Held Soviets Detailed**

91UF0602A Moscow *IZVESTIYA* in Russian  
29 Mar 91 Union Edition p 4

[Article by G. Ustinov, followed by article by N. Burbyga: "Victims of Somebody Else's War"]

[Text] Lieutenant Colonel Yevgeniy Churayev—Lieutenant Colonel Yuriy Kalistratov—Senior Lieutenant Aleksandr Kuvaldin.

In this time of peace, when our country is not waging any wars, they have spent three years in captivity—since March 1988.

We have already told our readers about this drama (*IZVESTIYA* no. 89, 1990). Let me outline the events in brief for you. During another flare-up of the war going on in Eritrea, the northern province of Ethiopia, the insurgents dealt a serious blow to government troops near the city of Af Abet. Two of our military advisers and their interpreter were then assigned to an Ethiopian mountain rifle division positioned 70 kilometers north of Af Abet. All three of them had served six months each in Ethiopia by then, but they came to the "supervised" division just three days before the Eritrean attack.

The retreat was quite disorderly. Our officers managed to find some room for themselves in a motor vehicle, but it soon broke down. They spent two days and two nights, without food or water, walking in the incredible heat to Af Abet. When they reached the city the rebels were already there, and the Soviet officers were taken prisoner.

The USSR Embassy in Addis Ababa soon learned that the officers were kept in the small village of Khishkib on the Sudanese border. They were alive and well but cut off from any communication with the outside world. At the same time the leaders of the EPLF (Eritrean People's Liberation Front) declared that they did not consider the officers to be prisoners of war, as the Eritreans were not fighting with the USSR.

From the very beginning the Soviet Government and the Ministry of Foreign Affairs made every possible effort to free our compatriots. All contacts with the Eritreans were done through third countries, in the strictest secrecy. We, Soviet journalists who were working in Ethiopia at the time, were given only the most general answers to questions addressed to our embassy. "We are working on it," "It is too early to write about it," "Try not to harm things"...

We, of course, could not be satisfied with any of that and I decided to act at my own risk. My plan was rather simple. I wanted to fly to neighboring Sudan to the EPLF representation and ask the Eritrean leaders for official permission to meet with the Soviet officers.

I asked for a visa at the Sudanese Embassy, having told them of the purpose of my trip. Meanwhile, I started preparing for the trip. I wrote to the wives of all three

POW's and gave them cautious advice to send me letters for their husbands at Addis Ababa: I might find an opportunity to give them this news from home. I soon got the replies (there were only two of them, however; I did not know then that Ye. Churayev's family fell apart while he served in Ethiopia).

But nothing came from Khartoum. For half a year I would go regularly to the Sudanese Embassy as if I worked there. Finally I realized that I would not get a positive answer from them.

I went to the officials of the Addis Ababa International Red Cross office and asked if they could deliver the letters from the officers' families. I was told that the Eritreans categorically refused to allow International Red Cross representatives to meet with the POW's.

The only thing I managed to achieve was to find THE NEW YORK TIMES correspondent Jane Perlez, who was working in Nairobi. She had spent an hour talking with our guys while gathering material on the Eritreans. Jane said that they lived in rather decent conditions. They had a two-storey cottage and even a little vegetable garden near it for their own needs. They had some books in English and a short-wave radio. The EPLF asked them to help with the maintenance of their communications and radar systems but they refused. According to her, however, there was no punishment for that.

"According to International Red Cross data, the Eritreans have 100,000 Ethiopian prisoners. You, Jane, have met with EPLF leader Afewerke. Did you happen to ask him why he also needs three Soviet people?"

"He said it himself. The EPLF leaders are angry with you for supplying military planes to Ethiopia. Nothing else can defeat the Eritreans... I am afraid that your officers will not be freed for a long time yet."

Fortunately, this turned out to be a false prophecy. On Wednesday we received information from Khartoum about the transfer of the three Soviet specialists to representatives of our embassy in Sudan. They will return home in the nearest future.

Meanwhile, the longest war on the African continent is still going on. Let me remind you that it has been going on for over 30 years now. The EPLF is fighting for the separation of Eritrea from Ethiopia. Another influential opposition group, the Tigre People's Liberation Front, is trying to overturn the present government of the country. As of late, the enemies of the existing regime have enjoyed a certain military success and their armies are approaching Addis Ababa. According to the information we are receiving from there, some embassies are starting to evacuate their support staff and members of diplomats' families.

Our readers are aware, of course, that we have also been involved in this war. No, we are not fighting now, though it used to happen, until March 1988, that a Soviet officer would lead Ethiopian soldiers into combat. But the

weapons used by both sides are ours. We have been supplying them to Ethiopia for over 10 years; the Eritreans capture them from the government armies as trophies. There is still a sufficient number of USSR military advisers and specialists there, although their presence diminished considerably within the last year or two.

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I also became interested in the fate of the Soviet POW's at the same time as our own correspondent German Ustinov. The story of what had happened to them was published as "Prisoners of War or Hostages?" (No. 258, 1990).

Recently our newspaper office received pleasant news. A Ministry of Foreign Affairs official called us and said:

"The subjects of your article, Lieutenant Colonels Ye. Churayev and Yu. Kalistratov and Senior Lieutenant A. Kuvaldin, are in Khartoum at present. Our representative flew to meet with them on a charter flight. They will be in Moscow on the evening of 28 March. So you are invited to meet them at Sheremetyevo airport."

Here is some scant information I managed to unearth before our meeting with the liberated officers at the USSR Ministry of Defense. This is what I was told by Major General V. Pukhov, an administration chief of the General Staff of the Armed Forces Main Directorate.

"Three years have passed since our officers were captured by the separatists. From the very first days the USSR Ministry of Foreign Affairs and the Ministry of Defense asked a number of Arab and Western countries to help release them from captivity. But at that time our efforts unfortunately did not bring any tangible results. On 9 April the Soviet ambassador in Khartoum was informed that, in the opinion of the EPLF leaders, the officers could be released only through direct contacts with the Soviet side. They excluded the participation of any intermediaries, whether Arab or from any other international organizations. This is how what seemed to be a humane act—freeing our people—became an act of prolonged political bargaining."

Later, for the purpose of liberating our people, the USSR Ministry of Foreign Affairs managed to establish direct contacts with the EPLF leaders.

All these years we were getting scant information about our people through various channels. For instance, from American journalists who had been on the territory controlled by the EPLF and met with our people there. We learned that they were in good health, behaved with dignity, were kept under guard, were in satisfactory condition, and could listen to the radio. Taking the latter into account, a series of musical programs was organized through Moscow radio which included greetings from the relatives of the three servicemen, who were mentioned as specialists working in Africa.

"Vadim Arkadyevich, were the officers listed on active duty all these years or they were taken off the Armed Forces officer lists?"

"An officer may only be taken off the lists on two occasions—if he is missing in action, or dead. So in this case they all are active duty members of the Soviet Army. They will receive monetary compensation for all this time. Considering that it is an area of combat, they will also get the corresponding benefits."

We were talking to the general before the plane left Khartoum.

"I am anxious to hear that the plane has left," Pukhov said.

"Why, do you have any apprehensions?"

"Not any more. The officers are in our embassy in Khartoum. But we had some apprehension quite recently. We should have met them on 9 March. We had the cars ready, we let their parents know. All of a sudden we got a message that the plane was not leaving anywhere. The deadline for the transfer of our servicemen was moved indefinitely. It seemed that the political situation in Eritrea had changed. Fortunately, all this is behind us now."

As this issue was going to print I called General Pukhov.

"Unfortunately, their departure has been postponed till 29 March. But there is no reason to worry," he reassured me. "Their departure was postponed for technical reasons."

#### Namibia Viewed on Independence Anniversary

91UF0577A Moscow PRAVDA in Russian 23 Mar 91  
First Edition p 5

[Article by PRAVDA staff correspondent I. Tarutin: "Happy Birthday, Namibia"]

[Text] Harare—Time flies. It seems that this happened just yesterday... In the early hours of 21 March 1990, tens of thousands of people gathered at the Sports Stadium in Windhoek. Honorary guests from more than 100 countries of the world were in attendance. Shouts of joy joined in a solid roar when the flag of an independent Namibia was run up instead of the lowered flag of South Africa. One could see the people embracing and weeping in the stands. The last large colony on the black continent gained its freedom after almost a century of slavery. The youngest republic of Africa has now celebrated its first anniversary.

The republic has inherited many problems. There is a tremendous disparity along racial lines in the standard of living, education, health care, and so on. An overwhelming majority of black citizens are smothered by poverty and backwardness. The most acute unemployment affects up to one-third of the population, whereas there is a shortage of skilled cadres. There are financial

difficulties: a shortage of capital investment, a budget deficit, and a debt to the Republic of South Africa coming to \$1.2 billion. In general, there is an absolute economic link to the former colonial master.

Minister of Foreign Affairs Theo-Ben Gurirab said: "We have gained only political independence, but not economic independence. A protracted and difficult struggle for the latter still lies ahead." Nonetheless, the government acted pragmatically and did not sever the existing ties abruptly, despite the fact that there were quite a few hotheads who suggested this. A balanced approach was also practiced with regard to the inherited infrastructure which is not bad by the standards of the region. The proclaimed principle of mixed economy and mutually advantageous partnership with foreign monopolies made it possible to avoid an abrupt decline of production.

It is another matter that there has been no perceptible increase either. A decline of world prices for mineral raw materials, the export of which generates the bulk of hard-currency proceeds, and weather conditions unfavorable for agriculture were a factor. The difficulties were objective but dangerous because very many black Namibians, especially those who took part in the struggle, attached great hopes to independence, and are now somewhat disappointed. In the long run, this is fraught with mounting social tensions.

However, it is necessary to take into account the fact that the country is going through a period of transition of sorts when, along with economic tasks, those of political evolution should be accomplished which are, perhaps, more significant at present. It is possible to claim success in this sphere.

The South-West African People's Organization (SWAPO), which after many years of guerrilla warfare won elections and gained an opportunity to form the government, proclaimed a policy of universal reconciliation. It managed to prevent the settling of scores, find a common language with its former opponents, and ensure the operation of a multi-party system. Naturally, the opposition has complaints about the leadership, and the criticism heard is quite sharp. However, this is what the opposition is all about. As I see it, national unity is the main and the most serious achievement.

Speaking at the celebration of the first anniversary of liberation, President of Namibia Sam Nujoma stated that accord, democracy, and stability were the main tasks. Proceeding from the above, we intend to seek universal welfare, whereby the resources of the country would worthily meet the needs of all Namibians, including the whites, indicated Nujoma.

Undoubtedly, the past 12 months are too short a period for summing up results. Nonetheless, the first and perhaps the most difficult steps have been taken.

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